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The Department of State

bulletin

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President Truman and Prime Minister Attlee Confer

OUTSTANDING PROBLEMS FACING THE TWO COUNTRIES REVIEWED

COMMUNIQUE OF DECEMBER 8, 1950

[Released to the press by the White House December 8]

Since Prime Minister Attlee arrived in Washington on December 4, six meetings between the President and Mr. Attlee have been held. Among those who participated as advisers to the President were the Secretary of State Dean Acheson, the Secretary of the Treasury John W. Snyder, the Secretary of Defense Gen. George C. Marshall, the Secretary of the Interior Oscar L. Chapman, the Secretary of Commerce Charles Sawyer, the Chairman of the Joint Chiefs of Staff General of the Army Omar N. Bradley, W. Averell Harriman, the Chairman of the National Security Resources Board, W. Stuart Symington, and Ambassador-designate Walter S. Gifford. Mr. Attlee's advisers included the British Ambassador, Sir Oliver S. Franks, Field Marshal Sir William Slim, Chief of the Imperial General Staff, Marshal of the Royal Air Force Lord Tedder, Sir Roger Makins, and R. H. Scott of the Foreign Office and Sir Edwin Plowden, Chief of the Economic Planning Staff.

At the conclusion of their conferences, the President and the Prime Minister issued the following joint statement:

We have reviewed together the outstanding problems facing our two countries in international affairs. The objectives of our two nations in foreign policy are the same: to maintain world peace and respect for the rights and interests of all peoples, to promote strength and confidence among the freedom-loving countries of the world, to eliminate the causes of fear, want and discontent, and to advance the democratic way of life.

We first reviewed the changed aspect of world affairs arising from the massive intervention of Chinese Communists in Korea. We have discussed the problems of the Far East and the situation as it now presents itself in Europe. We have surveyed the economic problems and the defense programs of our respective countries, and par-

ticularly the existing and threatened shortages of raw materials. We have considered the arrangements for the defense of the Atlantic community, and our future course in the United Nations.

The unity of objectives of our two countries underlay all the discussions. There is no difference between us as to the nature of the threat which our countries face or the basic policies which must be pursued to overcome it. We recognize, that many of the problems which we have discussed can only be decided through the procedures of the United Nations or the North Atlantic Treaty Organization.

The peoples of the United States and the United Kingdom will act together with resolution and unity to meet the challenge to peace which recent weeks have made clear to all.

The situation in Korea is one of great gravity and far-reaching consequences. By the end of October, the forces of the United Nations had all but completed the mission set for them by the United Nations "to repel the armed attack and to restore international peace and security in the area." A free and unified Korea—the objective which the United Nations has long sought—was well on the way to being realized. At that point Chinese Communist forces entered Korea in large numbers, and on November 27 launched a large-scale attack on the United Nations troops. The United Nations forces have the advantage of superior air power and naval support, but on the ground they are confronted by a heavy numerical superiority.

The United Nations forces were sent into Korea on the authority and at the recommendation of the United Nations. The United Nations has not changed the mission which it has entrusted to them and the forces of our two countries will continue to discharge their responsibilities.

We were in complete agreement that there can be no thought of appeasement or of rewarding aggression, whether in the Far East or elsewhere. Lasting peace and the future of the United Nations as an instrument for world peace depend

upon strong support for resistance against aggression.

For our part we are ready, as we have always been, to seek an end to the hostilities by means of negotiation. The same principles of international conduct should be applied to this situation as are applied, in accordance with our obligations under the Charter of the United Nations, to any threat to world peace. Every effort must be made to achieve the purposes of the United Nations in Korea by peaceful means and to find a solution of the Korean problem on the basis of a free and independent Korea. We are confident that the great majority of the United Nations takes the same view. If the Chinese on their side display any evidence of a similar attitude, we are hopeful that the cause of peace can be upheld. If they do not, then it will be for the peoples of the world, acting through the United Nations, to decide how the principles of the Charter can best be maintained. For our part, we declare in advance our firm resolve to uphold them.

We considered two questions regarding China which are already before the United Nations. On the question of the Chinese seat in the United Nations, the two Governments differ. The United Kingdom has recognized the Central People's Government and considers that its representatives should occupy China's seat in the United Nations. The United States has opposed and continues to oppose the seating of the Chinese Communist representatives in the United Nations. We have discussed our difference of view on this point and are determined to prevent it from interfering with our united effort in support of our common objectives.

On the question of Formosa, we have noted that both Chinese claimants have insisted upon the validity of the Cairo Declaration and have expressed reluctance to have the matter considered by the United Nations. We agree that the issues should be settled by peaceful means and in such a way as to safeguard the interests of the people of Formosa and the maintenance of peace and security in the Pacific, and that consideration of this question by the United Nations will contribute to these ends.

The free nations of Asia have given strong support to the United Nations and have worked for world peace. Communist aggression in Korea increases the danger to the security and independence of these nations. We reaffirm our intention to continue to help them.

The pressure of Communist expansion existed in Europe and elsewhere long before the aggression against Korea, and measures were taken to meet it. The need to strengthen the forces of collective security had already been recognized and action for this purpose is under way. Clearly, decisions regarding the Far East have their repercussions and effects elsewhere. In considering the necessities of the Far Eastern situation, we have

kept in mind the urgency of building up the strength of the whole free world. We are in complete agreement on the need for immediate action by all the North Atlantic Treaty countries to intensify their efforts to build up their defenses and to strengthen the Atlantic community.

We recognize that adequate defense forces are essential if war is to be prevented.

Accordingly, we have reached the following conclusions:

1. The military capabilities of the United States and the United Kingdom should be increased as rapidly as possible.

2. The two countries should expand the production of arms which can be used by the forces of all the free nations that are joined together in common defense. Together with those other nations the United States and the United Kingdom should continue to work out mutual arrangements by which all will contribute appropriately to the common defense.

We agreed that as soon as the plan now nearing completion in the North Atlantic Treaty Organization for an effective integrated force for the defense of Europe is approved, a Supreme Commander should be appointed. It is our joint desire that this appointment shall be made soon.

In addition to these decisions on increasing our military strength, we have agreed that the maintenance of healthy civilian economies is of vital importance to the success of our defense efforts. We agreed that, while defense production must be given the highest practicable priority in the case of raw materials whose supply is inadequate, the essential civilian requirements of the free countries must be met so far as practicable. In order to obtain the necessary materials and to devote them as rapidly as possible to these priority purposes, we have agreed to work closely together for the purpose of increasing supplies of raw materials. We have recognized the necessity of international action to assure that basic raw materials are distributed equitably in accordance with defense and essential civilian needs. We discussed certain immediate problems of raw materials shortages and consideration of these specific matters will continue. We are fully conscious of the increasing necessity of preventing materials and items of strategic importance from flowing into the hands of those who might use them against the free world.

In the circumstances which confront us throughout the world our nations have no other choice but to devote themselves with all vigor to the building up of our defense forces. We shall do this purely as a defensive measure. We believe that the Communist leaders of the Soviet Union and China could, if they chose, modify their conduct in such a way as to make these defense preparations unnecessary. We shall do everything that we can, through whatever channels are open to

us, to impress this view upon them and to seek a peaceful solution of existing issues.

The President stated that it was his hope that world conditions would never call for the use of the atomic bomb. The President told the Prime Minister that it was also his desire to keep the Prime Minister at all times informed of developments which might bring about a change in the situation.

In this critical period, it is a source of satisfaction to us that the views of our Governments on basic problems are so similar. We believe that this identity of aims will enable our Governments to carry out their determination to work together to strengthen the unity which has already been achieved among the free nations and to defend those values which are of fundamental importance to the people we represent.

SUMMARY OF FIRST DISCUSSION

[Released to the press by the White House December 4]

The President and Prime Minister Attlee conferred in the Cabinet Room of the White House today from 4 p. m. until 5:35 p. m. (Others who were present are listed at the end of this statement.)

In order to give Mr. Attlee the latest information on the serious military situation of the United Nations forces in Korea, the President asked General Bradley to summarize it.

Mr. Attlee and the President then reviewed the general world situation in the light of developments in the Far East. The relationship between these developments and the responsibilities of the

two nations in Europe and the rest of the world were emphasized.

The frank discussion which followed revealed the determination of Mr. Attlee and Mr. Truman to arrive at a mutual understanding of the serious problems faced by both the United Kingdom and the United States, as well as by other members of the United Nations. The common ground on which the two Governments base their foreign policy was fully revealed.

The Prime Minister and the President will meet again at lunch tomorrow and continue their discussion afterward.

The following persons were present at today's meeting of the Prime Minister and the President:

United Kingdom

Prime Minister Attlee
Sir Oliver Franks, the British Ambassador
Field Marshal Sir William Slim, Chief of the Imperial General Staff
Lord Tedder, Marshal of the Royal Air Force
Sir Roger Makins, of the British Foreign Office
Robert Scott, of the British Foreign Office
Denis Rickett, Private Secretary to the Prime Minister

United States

The President
Secretary of State Acheson
Secretary of Defense Marshall
Secretary of the Treasury Snyder
Gen. Omar Bradley, Chairman of the Joint Chiefs of Staff
W. Averell Harriman
W. Stuart Symington, Chairman of the National Security Resources Board
Ambassador-At-Large Philip Jessup
Ambassador-designate Walter S. Gifford
Assistant Secretary of State George W. Perkins
Assistant Secretary of State Dean Rusk

THE CONGRESS

Legislation

Fourth Semiannual Report on Educational Exchange Activities. Letter from the Chairman, the United States Advisory Commission on Educational Exchange, Department of State, transmitting the fourth semiannual report to the Congress in accordance with the provisions of section 603 of Public Law 402, Eightieth Congress. H. Doc. 648, 81st Cong., 2d sess. 21 pp.

Effects of Foreign Oil Imports on Independent Domestic Producers. A report of the subcommittee on Oil Imports to the Select Committee on Small Business, House of Representatives, Eightieth Congress, second session, pursuant to H. Res. 22, a resolution creating a select committee to conduct a study and investigation of the problems of small business. H. Rept. 2344. 148 pp.

Extending the Mutual Defense Assistance Act of 1949. Report of the Committee on Foreign Affairs, House of Representatives, Eightieth Congress, second session, to accompany S. 3809. H. Rept. 2538. (Department of State, p. 72) 77 pp.

Southwestern Border Projects. Hearings before the subcommittee on Southwestern Border Projects of the Committee on Foreign Affairs, House of Representatives, Eightieth Congress, second session, on H. R. 6031, Calexico sanitation project; H. R. 6304, implementation of water-use treaty with Mexico; H. R. 7691, Douglas-Agua Prieta sanitation project. June 28 and July 13, 1950. (Department of State, pp. 15, 23) 32 pp.

To Amend the Mutual Defense Assistance Act of 1949. Hearings before the Committee on Foreign Affairs, House of Representatives, Eightieth Congress, second session, on proposals to amend the Mutual Defense Assistance Act of 1949 (see S. 3800). June 5, 6, 7, and 26, 1950. (Department of State, indexed) 164 pp.

Return of Mexican Flags. Hearing before a subcommittee of the Committee on Foreign Affairs, House of Representatives, Eighty-first Congress, second session, on H. R. 6241, H. R. 6328, H. J. Res. 387, S. J. Res. 133, relative to the return of Mexican flags captured during the war with Mexico. June 29, 1950. 14 pp.

Unification of Ireland. Hearing before the Committee on Foreign Affairs, House of Representatives, Eighty-first Congress, second session, on H. J. Res. 59, H. Con. Res. 30, H. Res. 270, H. Res. 463, H. Res. 529, H. Res. 533, relating to the unification of Ireland. April 28, 1950. 162 pp.

Exclusion and Expulsion of Subversive Aliens From the United States. S. R. 2230, 81st Cong., 2d sess. [To accompany S. 1832] 32 pp.

THE STRATEGY OF FREEDOM

*Address by Secretary Acheson*¹

I REGRET that I have not been able to come out to Cleveland to meet with the National Council of Churches, as I had hoped to do, and that it has been necessary for me to talk to you instead from my office at the State Department in Washington. The events of the past few days, as I know you well understand, raise innumerable questions which require almost hourly study, consultation, and decision.

This coming-together of many great sources of spiritual strength in our American community is an event of historic importance. If ever a time imposed a test, not alone of strength, but of character, upon our people, this is such a time. All the resources at our command, of wisdom, of conscience, of character; the finest traditions of our people; our deepest wells of faith, must guide us in fulfilling the responsibility which history has placed upon our country. The great increase in the power and the effectiveness of the Christian communions which are now uniting to form the National Council of Churches will encourage millions of people throughout the world.

The remarks that I had planned to make this evening were prepared several days ago. I had planned to discuss with you some of the basic problems, some of the underlying issues which concern us in our relationship with the world. I know, from the long record of intelligent and responsible participation which your separate organizations have had in foreign policy matters,

that you have given much serious thought to these issues. I had not planned to discuss current day-to-day developments on this occasion.

But now a serious situation has arisen, one which holds grave danger for the peace of the world.

An Act of Brazen Aggression

I would like to talk to you about the meaning of this situation which has been created in Korea, before going on to discuss some of the broader questions I had in mind to raise with you this evening.

An act of brazen aggression has taken place in Korea, the second such act in five months. The harsh significance of this act, and its complete disregard of any kind of moral standard, can best be understood when it is looked at against a background of what the United Nations has been trying to do in Korea.

First of all, the United Nations itself represents a commitment on the part of the nations of the world that they will stand together in support of an international order based on justice and dedicated to the peaceful settlement of disputes. The first article of the first chapter of the Charter of the United Nations says that one of the primary purposes of the organization is to suppress acts of aggression. That is why, when the armed forces of North Korea without any pretense of legality attacked the Republic of Korea on June 25, the overwhelming majority of the members of the United Nations supported immediate and effective action by force to put down this act of aggression. For the first time in history, a world

¹ Broadcast from Washington to the National Council of Churches of Christ in the U.S., which was meeting at Cleveland, on Nov. 29 and released to the press on the same date. Also available as Department of State publication 4034.

organization has rallied to put down by force of arms a crime committed against the international community.

The only exception to the unity of this action in support of the Charter was the Soviet Union and its satellites. In defiance of the 53 member nations who upheld the authority of the United Nations, the Soviet Union sought to impede the action in Korea, to give aid and comfort to the aggressors, to give matériel support to the act of aggression, and to break up by obstructive acts the work of the United Nations. Despite this defiant behavior, this tremendous experiment in behalf of international law and morality went forward. Across vast seas and from distant lands, men of many nations came together under the flag of the United Nations to push back the invaders. They came to fight for a principle. Many of them have given their lives that men someday may be free of this scourge of war.

After many discouraging weeks, the United Nations forces, under the command of General MacArthur, made their way up the peninsula, driving the aggressors before them. They were approaching the successful conclusion of their mission, which was to enable the United Nations to carry out what has been its purpose from the very beginning—to help the people of Korea establish their own free and independent government. Plans were moving forward in the General Assembly for the reconstruction of the country, and the nations which had contributed forces to this heroic effort were looking forward to the return of their troops to their home countries upon completion of their mission.

Then came this second shocking act of aggression. This is not merely another phase of the Korean campaign. This is a fresh and unprovoked aggressive act, even more immoral than the first.

Chinese Communist Intervention in North Korea

Even before the attack in June, the Communist authorities in China had aided in building up the forces of the North Koreans. This was done by turning over Korean soldiers in their own armies and by munitions and supplies. The Chinese also moved some of their own armies from South China to Manchuria. After the North Korean attack started, more matériel and fresh soldiers came across the Manchurian border in greater and greater numbers. After the North Korean defeat

the cloak of pretense became thinner. Chinese military formations were moved into Korea under the guise of volunteers.

Now, no possible shred of doubt could have existed in the minds of the Chinese Communist authorities about the intentions of the forces of the United Nations. Repeatedly, and from the very beginning of the action, it had been made clear that the sole mission of the United Nations forces was to repel the aggressors and restore to the people of Korea their independence.

In behalf of the United States, President Truman declared that it is the intention of this country to localize the conflict and to withdraw its forces from Korea as soon as possible. In the Security Council, this Government was one of the sponsors of a proposed resolution which affirmed that the policy of the United Nations was to hold the Chinese frontier with Korea inviolate, and that legitimate Chinese and Korean interests in the frontier zone would be fully protected.

The peaceful nations of the world made it unmistakably clear that if the Chinese Communist intervention had a limited motivation, if it sprang from an uncertainty regarding the intentions of the United Nations forces, the matter could be settled without enlarging the conflict.

But, at the very moment when representatives of these Chinese Communist authorities appeared at the headquarters of the United Nations, claiming the right to speak before this world organization in the name of the Chinese people, the cloak of pretense had been thrown off. In great force, the armies of the Chinese Communists have streamed across the Manchurian border, engaging the forces of the United Nations in a new encounter. Against these new, fresh, and numerous forces, our United Nations troops are fighting bravely. But the conditions are difficult; terrain and weather, long lines of supply, and the wear of an arduous campaign have been met with heroic fortitude.

United Nations Not Intimidated by New Crisis

We have had dark days before in Korea. When the first wave of aggression with the advantage of initiative which the aggressors always have had driven us back to the bridgehead of Pusan, and the outlook was not bright, the U. N. forces showed no weakness of spirit or of determination because they were fighting for a principle. And I

am confident, too, that the United Nations will not be found lacking in firmness of spirit or determination in responding to this new aggression.

The United Nations has a special relationship with the people of Korea. It has resolved to help the people of Korea establish a free and independent government of their own choosing. It has helped them to set up an independent Republic which, had it not been for the veto of the Soviet Union, would today be a sovereign member of this world organization. The United Nations cannot be intimidated by this new challenge to its authority into shaking off its responsibilities to the people of Korea.

Now this new act of aggression has created a new crisis, a situation of unparalleled danger. For if the Chinese Communist authorities continue to impose upon their people this warring against the United Nations, they will vastly increase the danger to the whole fabric of world peace. And among the tragedies of this reckless course would be that it would spring from no interest of China or the Chinese people. If these Chinese Communist authorities have any real concern for the well-being of their people or for the regard of other nations they now have the opportunity to show it. This is their hour of decision. The authorities of Communist China stand before the bar of the judgment of mankind. The world will watch their actions in Korea and at Lake Success. Will they represent their own interests, or will they let themselves be the dupes of others? If they defy the United Nations and mock the Charter then no lies, no bluster, and no veto will conceal from the people of the world the evil of their action.

These are questions that affect all the members of the United Nations. The United States has no special interests or interests different from those of the majority. From the very beginning of the Korean crisis, the United States has sought complete solidarity with the majority of members.

World Endangered by Communist Design

The questions raised by these acts of aggression in Korea go far beyond the contours of this small and remote peninsula. They have to be viewed as part of a world picture. To be fully understood, they must be seen as part of the worldwide operations of the international Communist movement. The increasing boldness of the in-

ternational Communist movement, its willingness to use overt aggression, and to accept the deliberate risk of war make it increasingly urgent for all American citizens to face squarely the danger that confronts us and to give vigorous and united support to the measures we must take to meet this danger. Those who control the Soviet Union and the international Communist movement have made clear their fundamental design. It is to hold and solidify their power over the people and territories within their reach, however ruthless the means required. The danger to the rest of the world created by this design arises out of the belief made amply clear in Bolshevik political writings that the holding of power by the rulers of the Soviet Union requires the complete subversion or forcible destruction of the countries now free of their control. They are encouraged to act on this belief by the illusion that, in so doing, they are helping along the inevitable course of history. According to the Bolshevik interpretation, history points to the collapse of non-Soviet states and their replacement by Soviet-style and Soviet-controlled states. Conflict is anticipated in Bolshevik theory as an inevitable part of the process.

The hostility of Soviet intentions, if taken alone, would not produce so grave a threat. But the combination of these intentions and Soviet military power creates very grave danger to the survival of free nations and free institutions, a danger which must not be underestimated. All governments which are now free and all responsible citizens of free societies must face, with a sense of urgency, the capabilities for conquest and destruction in the hands of the rulers of the Soviet Union.

The problem we have been called upon to solve, therefore, is: What course of action will enable us to maintain our freedom and bring about a peaceful resolution of this world crisis; or, if despite our best efforts aggression does take place, will provide a basis for defeating it?

Our essential purpose is, as it has always been in our history, to preserve our free institutions, so that freedom and justice may survive and continue to flourish. We wish to do this peacefully, because peace is the climate in which our free institutions flourish best. But we have shown in our history that we hold these values so dear that if we must, we will fight for them. The course of action we have chosen is to join with our allies

in building the strength of the free world as a bulwark against Soviet aggression. The purpose of this strength is not aggression. It is the very opposite. It is to deter such aggression. This involves building military strength, but it requires no less the buttressing of all the other forms of power—economic, political, social, and moral—and the utmost resolution and unity among the free nations of the world.

Over the period of time the rulers of the Soviet Union, confronted by a strong and confident free world, may be obliged to abandon their expansionist aims. To build the strength of the free world is a hard course. It involves great effort and much sacrifice both by our own people and by all the people of the free world. It offers no promise of relief from these burdens in the near future. It makes no guaranty of peace. But it is rooted in the principles by which we live, and it offers us the best realistic approach to the problem of peace, and the preservation of our freedom.

Elements in Strategy of Freedom

The main elements of the strategy by which we are seeking to carry out this course of action—the Strategy of Freedom—are now well-established as national policy. They have emerged as practical responses to the problems we have encountered, and they have found general support in the nation. I want to try to bring these elements together and develop their interrelationships because it is essential that the whole pattern and single purpose of our actions be clear to us.

There are six main elements in the Strategy of Freedom.

International Order for Preservation of Peace and Freedom

First is the development of an international order for the preservation of peace and freedom under the United Nations. The Charter of the United Nations expresses the universal aspirations of mankind, and the organization itself is a symbol of these aspirations. But the United Nations is also more than a symbol. It is a means through which we can take practical, day-by-day steps toward the building of a stable international community. As an organization in which most nations participate, the United Nations can also help to bring about the accommodations of interest and

the adjustments of differences which are essential to peace in a world of change.

Our action in Korea, as we have seen, is intended to support the authority of the United Nations against aggression. In the current session of the General Assembly, we have initiated a number of measures designed to increase the effectiveness of the United Nations action against aggression. We intend to do our full part in helping the United Nations to grow in strength.

Regional Groupings For Collective Security

The second element in the Strategy of Freedom is the development of regional groupings, within the framework of the United Nations. To insure their collective security, free nations are engaged in cooperative defense measures, not possible on a universal basis at the present time. The keystone of the defense system of the free world is being built in the North Atlantic community, and among the states of the Western Hemisphere.

A whole network of cooperative institutions has been developing among the free nations of the North Atlantic and Western European area, each a practical response to a felt need. The problems they face are extremely complex, but progress has been made toward overcoming ancient national hostilities, and in developing a common will and a sense of confidence in the potentialities of the North Atlantic community, working together as a community.

In this hemisphere, the accomplishments of the Organization of American States in promoting unity of action have been remarkable. Support of this organization is fundamental to our policy.

The essential ingredient in these regional developments has been a sense of community interest among neighbor nations. The development of further regional organizations depends in the first instance upon the existence of this community sense among the people of other areas.

Rapid Building of Military Strength

The third element in our Strategy of Freedom is the rapid building up of military strength at home and among our allies. I stress the word "rapid" because the period of greatest danger is directly before us. Our defense must not only be strong enough, it must come soon enough.

There is only one test of whether our defense preparations are adequate: That is to measure them against a sober calculation of the danger which faces us.

So measured, the defense efforts of the United States and other free nations are inadequate. A greatly increased scale and tempo of effort is required on the part of all free nations to enable them to overcome this inadequacy at the earliest possible moment.

Economic Cooperation

The fourth element is economic cooperation. This has a dual character. It contributes powerfully to the building of our defenses against external attack. It also is an instrument for helping to build healthy societies in which the vitality and the promise of freedom find practical expression—in comparison with which the decadence and despair of Communist tyranny is starkly exposed.

Although the amount of resources available for economic assistance is limited by the defense requirements imposed upon us by Soviet action, even under the burden of rearmament, free societies can more effectively provide for human well-being and advancement than tyrannical regimes. The productive power of free men, who are aware of the dangers that face them and who are determined to meet the challenge to their freedom, cannot be matched by authoritarian societies.

With our technical assistance, the resolve of the free peoples of Latin America, Asia, Africa, and the Middle East to better the conditions of their lives can become a powerful drive against the age-old banes of poverty and disease and the political instability which often accompanies them. Men everywhere have awakened to the opportunities for progress which modern science and technology have opened. We can help them to help themselves, and it is in our interest to do so.

Our technical assistance is not philanthropy, for here our principles and our self-interest coincide. As the people of underdeveloped areas rise from poverty, not only will our own economy benefit, but also and even more important the real promise of freedom will expose the false promises of Bolshevik imperialism, and the peoples of these countries will grow in their recognition of the common interest and purpose of the free nations.

So far as possible, economic cooperation, like

defense cooperation and collective security programs, is being carried on through the United Nations and regional organizations in order to strengthen international institutions devoted to peace and security.

Readiness To Negotiate Settlements

The fifth element in the Strategy of Freedom is a readiness at all times to negotiate just settlements of international disputes and to find just accommodations of conflicting interests. Our experience has demonstrated that the Soviet rulers cannot be expected to accept fair and equal negotiation so long as they feel capable of imposing their own terms or exacting their own price. Their concept of negotiation is that it should record the facts of power rather than the requirements of justice. We shall not seek to use our power in this way, but as the free world develops strength, the Soviet rulers may find it advantageous to adjust differences equitably rather than to seek to impose their demands. The free nations must always be prepared to enter into genuine negotiations, and even to take the initiative in efforts to bring about honest negotiation.

If the issues are clear, free men will not be prey to unrealistic expectations, nor to propaganda abuse of the negotiating process. It is in the long perspective that results may be expected, not in the fits and starts of shifting tactics.

Because our earnest desire is peace, we shall remain constantly receptive to genuine negotiation. With the confidence that comes of strength and the humility that comes from our devotion to Christian principles, we shall be endlessly patient in working for peace. And we shall at the same time be endlessly alert to defend the bases of our national life.

Firm Adherence to Moral Values

The sixth element in the Strategy of Freedom is a firm adherence in all our actions, at home and abroad, to the moral values which give meaning to our lives.

We are a young country, an enthusiastic people, and despite our great interest in material progress, we are an idealistic nation. The principles to which our common life is dedicated are powerful forces for good in the world. The affirmative

values of our society have been deeply inspiring to those who have seen and felt their great creative force. We do not always present our best side to the world. In our enthusiasm and drive we often do not take care to make ourselves understood, and expect others to recognize us for what we are. We have launched a greatly expanded information program to bring knowledge of ourselves to other peoples, a program which the President has called "The Campaign of Truth."

It is our purpose to carry to all parts of the world the facts about what is happening in America and in the world, because it is a fundamental part of our democratic faith that people, if informed of the truth, will make sound judgments. What is even more important than what we say to the world is how we conduct ourselves at home and abroad. The force of example and action is the factor which finally determines what our influence is to be.

If we are to be worthy of the leadership that derives from our power, we must be sure that we are true to the values and principles upon which our society is founded. It is the example of democracy at work, vigorous, healthy, respectful of its first principles, growing in freedom and justice and opportunity, that can inspire ourselves and others to meet the tasks ahead with hope and confidence.

Without this, which depends on every one of us, on the everyday conduct of each citizen, the Strategy of Freedom would "become as sounding brass or a tinkling cymbal."

All Americans Responsible for Peace

These are the elements of our national foreign policy of the Strategy of Freedom. This is the course by which we seek to avoid war and to secure peace. No one can guarantee that war will not come. The present crisis is extremely serious. Whether reason will prevail is only partly

for us to decide. We must hope and strive for the best while we prepare for the worst.

This is a responsibility, not just of a few public officials, not just of the Congress, but of the whole American people. The qualities we must demonstrate—steadiness, moderation, restraint, constancy of purpose, and flexibility in action, imagination, wisdom, maturity—these qualities are possible for us as a nation only if the American people participate as individuals in striving to make our society worthy of the hopes that free men everywhere have placed in it.

A deep understanding of the forces we are dealing with, and the role we must play, must be acquired by each of us. Every single individual has a share of this responsibility.

The six elements of the Strategy of Freedom—support of the United Nations, development of regional organizations, the rapid building up of our strength in partnership with our allies, economic cooperation, readiness to negotiate, and a firm adherence to the fundamental purposes and principles of our society—constitute a national policy, not a party policy. They have emerged from a long process of discussion and consideration as the practical requirements of a policy adequate to the problems which confront us. They are rooted in our traditions. They find general support in both parties.

It is right and proper that there should be differences of opinion among us about the execution of this policy, and about questions of emphasis, priorities, application and administration. No one has a monopoly of wisdom and the vigor and vitality of a democratic society derive from free discussion and debate and the consent which flows from understanding. However vigorous our debates may be, it should be made clear to all that our country is united in its determination to hew to the Strategy of Freedom which is our national policy.

The nation's peril is our challenge. The united will of the people must be our answer.

Need for Public Assistance in the Campaign of Truth

by Edward W. Barrett

*Assistant Secretary for Public Affairs*¹

I must say this is hardly a choice time for any officer of the State Department to leave Washington and stand up to make a speech before a major audience. The fact that I have come here to talk with you on a day as critical as this, is just one indication of how important we consider you both as individuals and as an organization. We want your help in America's campaign of truth abroad. We want to use the best thoughts you can produce in helping us in this campaign in the difficult months ahead. We have already received assistance from some of your members. Now, we want to enlarge and intensify that assistance.

I certainly don't need to tell you that these are grim and grave days. The decision of international Communist masters to involve hundreds of thousands of Chinese lives in aggression in Korea and to imperil the peace of the whole world means that the leaders of the free world are confronted with problems of almost unprecedented gravity.

The highest officials of this Government and of other governments are, at this very moment, conferring on the problems we face. Hence, I should not and I will not sound off on any specifics of the current international crisis. I will say, that this makes the information activities of this Government and of the free world more important, more vital than ever. If you want to call it propaganda—the propaganda of truth—I am sure you will, nonetheless, agree that it has never been of greater importance than it will be in the trying months ahead of us.

I am sure, you recognize as well as I do that an international information program has enormous possibilities. I have long been disgusted with those who see no real possibilities in this field and who actively opposed any sort of information program overseas. Fortunately, most of the open op-

ponents have disappeared. A few opponents remain but have gone underground, adopting the disguise of "I believe in an information program but—"

Limitations of Information Work

It is also important that we recognize realistically the limitations of information work, as I am sure you do. You know that words alone will not suffice. Our words can be most effective only if we, as a nation, take the sort of bold action which the world crisis demands—and only if we continue to show determination to solve progressively our social and economic problems here at home. We must also use words intelligently and responsibly. If we go in for blatant and blaring techniques in certain areas, we will just create the adverse impression of trying to buy the minds of men with American dollars. If, as some demand, we try to incite citizens in slave areas to open resistance at this time, we will, merely, be inviting our friends to commit suicide.

There is one other limitation that I should mention to you. The effects of the propaganda of truth on fanatics, like the international Communist leaders of today, are necessarily limited. We have seen this in the case of the Chinese Communist leaders in recent weeks. I sometimes feel that it is like trying to reason with a collection of wild animals. Hence, we have to recognize that while we can reach many of the Communist elite—and we know that they, at least, read the reports prepared by agents monitoring the Voice of America—our effects are limited. We do feel we can make at least an appreciable impression on some of the Communist leaders and subleaders with information designed to convince them that, if they persist in their present course, it will eventually mean their own ruin. But we don't fool ourselves about the possibilities. Popular opinion in the slave states has little effect on decisions. It

¹ Excerpts from an address made before the Public Relations Society of America at New York, N. Y., on Dec. 4 and released to the press on the same date.

is important, however, to keep up the hopes of the satellite peoples, to encourage the sort of quiet doubts, foot-dragging, and passive resistance that the situation so clearly justifies.

One of our big missions in the months ahead will be that of restoring confidence to the peoples of other friendly nations. Words alone will not do this, but words, coupled with the kind of determined economic and military measures that are now planned, may very well arouse in these peoples the sort of spunk and enthusiasm that is so clearly needed.

If you recognize these limitations, on the one hand, and the very real possibilities, on the other, you will see why we are not exuberant but are enthusiastic about mounting a great campaign of truth—and why we think there should be no doubt at all about spending in this field annually, at least, the amount of money required to build one battleship.

Frankly, my colleagues and I face this task with humility, because, basically, it is an enormous public relations job. But my colleagues and I also face it with determination, because we view it as a job that must be done and that can be done in a big way.

Brief Résumé of Government Public Relations

Let us look briefly at the history of this Government program.

As you know, a wise old public relations man once said: "Good public relations is just acting right and letting people know about it." The United States Government was the last major organization in this country to learn that simple lesson. For many years, we tried to act right, or we thought we were acting right, in the world community, but we had little organized machinery to make our actions, our motives, and our goals clear to the people of the world. As a result, we came to be known as Uncle Shylock, or as a nation of boors and Babbitts and gangsters. We were not alone in permitting this kind of thing to happen. Other free nations made the same mistake—of neglecting the simple lessons of good public relations.

In the last decade, this Nation began to learn the lessons. After some faltering and indecision in the Government and in the Congress, we settled upon a modest world information program. We trained manpower, and we slowly, steadily improved our operations.

Kremlin propaganda has not only been unscrupulous; it has generally been crude, stiff, and unimaginative. The one big factor, on our side, is that in the last 4 months an increasingly large proportion of the world's population has come to distrust what the Kremlin says. They have come to recognize the propaganda output of the international Communists as blatantly untrue.

At the same time, let us recognize that the one big factor militating against us today is the fear that the Kremlin, however deceitful, may be irresistibly powerful. That is why it is urgently important for us today to convince the world anew of our enormous military and economic potential—and of our calm and resolute determination to develop that potential as rapidly as possible. We must make clear, at the same time, that we are doing so as the one hope of forestalling aggression, of preventing a world conflagration, and eventually of helping eliminate intolerable conditions.

Increasing the Information Program

The President recognized these basic factors last spring when he ordered the Department of State to develop a vastly increased information program. He called it "a great new campaign of truth." Under his orders, we singled out the 28 most critical countries in the world. With the help of the Embassies and the top political officers, we outlined the objectives in each country, the target audiences, and what was needed to do the job. Then, we asked the Congress for the money, and, after prolonged hearings and debate, we got the major part of the money requested.

The campaign will not take shape overnight. Recruiting new workers and getting them through the elaborate and proper security investigations is slow business. So is the acquisition and construction of the unprecedented transmitter facilities we have on order. But we are going ahead full speed.

As we proceed, I warn you some mistakes will be made. We could avoid them by moving with extreme caution, by daring nothing, and by never sticking our necks out. We will not choose that course. Too much is at stake. We will suffer the consequences of an occasional small mistake in the confidence that it will be vastly outweighed by our positive accomplishments.

The best way to improve our output is to study and follow closely the reactions of the actual target audiences. Today, we still seek and value the advice of experts—or even so-called experts—in this country, but we are placing far more value on the opinions and reactions of the audiences concerned. We survey, by tested sampling methods, the reactions of the audiences in nations that are open to us. We organize panels representing a cross section of the population; we have them sample our output and answer questions from us. In the more inaccessible zones, we get regular reaction reports from our Embassy staffs and from others who are in a position to advise us. We systematically interrogate escapees from these areas and organize them into panels from time to time.

Now, I cannot emphasize strongly enough that a

United States Government campaign in this field is, by no means, the entire answer. To be really successful, the information effort must have a far broader base. The governments of other free nations must participate to a greater degree than is now the case. Private groups must participate. Such private organizations—of which the Crusade for Freedom is an enormously promising example—can do more than Government ever can do toward arousing real grass-roots enthusiasm of the sort that is so needed.

We entertain the hope and the desire that the really staunch and sturdy advocates of real democracy, in its various forms, in all free countries, can be induced to start taking the initiative. If such determined advocates of freedom will roll up their shirt sleeves, get themselves organized, and really go to work, they can do a great deal toward showing up the repressive, reactionary, and second-rate nature of the system espoused by the Kremlin. Equally important, they can help to arouse the sort of popular enthusiasm and determination, which is now latent, for the whole cause of freedom.

It is against this broad background that I come here to tell you that we would like more assistance and advice from the public relations specialists of this country. Moreover, I have already taken the liberty of proposing a definite plan to your officers. Specifically, I would like the officers of the Public Relations Society of America to work with us in selecting a panel of five to eight advisers from the public relations field. These should be men who not only are recognized experts in this field but who also have some knowledge of the populations of other countries. At least, some of them should have some knowledge of the languages of other peoples.

I would like this panel to meet with some of my associates and me in the near future and to be told by us of some of the most important problems in this field for which we need solutions. Then, I would like to suggest that the panel members canvass a large number of other public relations specialists, weigh the recommendations they receive, and, then, make proposals to us.

If that works, as I believe it will, we can repeat the process. I need not tell you that we suffer from no shortage of problems. They range all the way from the devising of simple slogans to the development of entire campaigns. All, of course, are and must be based on the truth—on the plain hard facts. I hope and believe that we can get your enthusiastic cooperation in this project.

Yes, the period immediately ahead of us is a grave one. We face a world picture that we are forced to call dangerous, very dangerous. A campaign of truth, however great, can, by no means, accomplish all that is needed. But a really broad-based campaign of truth, here and abroad, added to the economic, political, and military steps now being taken, can very well mean the difference be-

tween success and failure for the free world. That is why I feel it deserves and must have our unflinching and energetic support.

First Yemen Diplomatic Representative to U.S. Appointed

[Released to the press December 6]

The Secretary of State received the newly assigned Chargé d'Affaires from Yemen this morning, Sayed Abdurrahman Abdulsamad Abu-Taleb. He was accompanied by Sayed Hassan ibn Ibrahim, Minister of State of Yemen and Vice Chairman of his country's United Nations delegation.

Mr. Abu-Taleb has been in the United States since May 1948 and has served during this time as Director of the Office of the Yemeni United Nations delegation. He is Yemen's first diplomatic representative to be accredited to this country, and he will open a legation at Washington in the near future.

The Secretary welcomed Mr. Abu-Taleb in his new capacity and said that his assignment to Washington was indicative of the increasingly cordial relations which exist between our two countries.

Yemen is located in the southwestern corner of the Arabian Peninsula. Its 4 million people are ruled by Imam Ahmed bin Yahya Hamid al Din. Yemen is a member of the Arab League. It also joined the United Nations in September 1947. The American Ambassador to Saudi Arabia, Raymond A. Hare, is accredited as Minister to Yemen.

THE DEPARTMENT

Appointment of Officers

Jack C. Corbett as Deputy Director, Office of Financial and Development Policy, effective September 30.

Winthrop M. Southworth, Jr. as Special Assistant to the Assistant Secretary for Public Affairs, effective October 20, 1950.

Robert L. Thompson as Chief, Division of Publications, effective November 12, 1950.

William H. Dodderidge as Executive Assistant on the staff of the Assistant Secretary for Congressional Relations, effective November 15.

Reed Harris as Deputy General Manager, International Information and Educational Exchange Program, effective November 28.

Rollin S. Atwood as Deputy Director, Office of South American Affairs, effective December 5.

William L. Krieg as Officer in Charge, Office of South American Affairs, effective December 5.

The Point 4 Program: A Design To Harness Science to Tasks of Peace and Security

TECHNICAL COOPERATION ADMINISTRATION TAKES UP DUTIES

STATEMENT BY AMBASSADOR CAPUS M. WAYNICK, ACTING ADMINISTRATOR¹

We assemble here to consider a program designed for peace on a morning when war and the threat of more war engage the minds of men throughout the world. But, perhaps, our present difficulty is due, in large measure, to the fact that, during war, we have not adequately prepared for the peace to follow.

The tremendous task—the difficult task of thinking beyond our immediate crisis—is the one which the President of the United States has placed on you members of the International Development Advisory Board.² The Technical Cooperation Administration greets you as you come together for your organization meeting and extends to you a most cordial welcome as you take up the great responsibility which is the concern of all of us.

The law under which the TCA was formed directs that—

The President shall create an Advisory Board . . . which shall advise and consult with the President, or such other officers as he may designate to administer the program herein authorized, with respect to general or basic policy matters arising in connection with operation of the program.

The statute stipulates that the Board shall have not more than thirteen members, that all shall be citizens of the United States, and that none, unless it be the chairman, shall be an officer or an employee of the United States. The meetings of the Board shall be held upon the call of the chairman, and a \$50 per diem with necessary travel and subsistence allowance is provided for each member while engaged on official work away from his home or regular place of business.

The law makes you advisory to the President or to the officer designated by him to administer

the program. The President is authorized to exercise the power and authority conferred on him through the Secretary of State "or any other officer or employee of the Government" and the statute directs that he shall name a person for Senate confirmation who, under the direction of the President or his designated officer, shall be responsible for planning, implementing, and managing the program.

By Executive order, the President has delegated responsibility for administration of the Act to the Secretary of State. Under the Secretary, therefore, the Technical Cooperation Administrator becomes the official charged with planning and carrying out the program. The President has nominated Dr. Henry G. Bennett of Oklahoma to be the Administrator, and he will assume full charge of his new duties on or about December 1. This is a recess appointment, so that he can serve while awaiting Senate confirmation.

Through the working hours of tomorrow, at least, I remain Acting Administrator, and, in this capacity, it becomes my pleasant duty to greet you and introduce to you my successor.

I am grateful for the experience I have had in aiding the launching of the Point 4 Program, and I will leave my temporary office with profound faith in the rightness of the program. Believing as I do in its high potential for increasing the earth's men of good will and the probability of lasting peace thereby, I greet the new Administrator and yourselves with assurance that the program is in hands well chosen to guide it to great service.

As I come to the close of my own assignment, I would like to tell you briefly why I place a high valuation on this program.

Evaluation of Point 4 Program

The President's enunciation of the Point 4 idea in his Inaugural address of 1949 was direct and forceful. He said—

¹ Made at first meeting of the International Development Advisory Board on Nov. 29 and released to the press on the same date.

² BULLETIN of Dec. 4, 1950, p. 880.

We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas.

Our aim should be to help the free peoples of the world through their own efforts to produce more food, more clothing, more material for housing and more mechanical power to lighten their burdens . . .

In turn, the Congress found that—

(1) The peoples of the United States and other nations have a common interest in the freedom and in the economic and social progress of all peoples. Such progress can further the secure growth of democratic ways of life, the expansion of mutually beneficial commerce, the development of international understanding and good will and the maintenance of world peace.

(2) The efforts of the peoples living in economically underdeveloped areas of the world to realize their full capabilities and to develop the resources of the lands in which they live, can be furthered through the cooperative endeavor of all nations to exchange technical knowledge and skills and to encourage the flow of investment capital.

Basing action upon these findings, in the law under which we now operate, the Congress declared it . . .

To be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expending purchasing power.

Thus, do the eloquent words of the President and the Congress describe the ideal of an opportunity for international service to mankind. Thus, is written the charter of this great movement which you now enter.

You will hear from staff members about the program developed thus far, so I shall not discuss it now. I do wish to suggest to you that we need to contemplate the whole problem of our foreign relations and our national objectives in order to see this program in proper perspective.

After long years of isolation, which our geographical position and the political organization of the world allowed us to keep, we now find ourselves in a new and uncomfortable role. Following two great wars, into which we were drawn despite our love of peace, our country has been forced to assume the responsibilities of world leadership to an extent that many Americans would prefer to have avoided. Our Government now must fashion policy with a view not only to the long-range exercise of our power toward creation of a better-tempered, more prosperous, and securer world but to erection of defenses against a dire and immediate threat of impairment of the conditions of freedom which we regard as prerequisite to the survival of our way of life.

Among the emergency defenses of freedom, which we have erected, may be listed the assistance given to European countries in the years following the war. It seemed necessary, in self-defense,

if from no higher motive, for us to aid powerfully and without stint those peoples of Europe who desired to remain in the orbit of democracy and free enterprise and who found themselves and their industrial equipment threatened with absorption into a system they did not want. Now, without our help, could Italy, Greece, France, and Germany have resisted the cleverly and powerfully stimulated tide of communism and autocracy?

Harnessing Science to Tasks of Peace

The Point 4 Program, on the other hand, is being projected more in service of the long-range purpose of helping by fraternal leadership to promote a steady, larger use of the talents of the minds and hands of men for constructive purposes. It is a mutual sharing, self-help kind of cooperation designed for a free society. It is directed at disarmament of the wants and the fears which breed hate and war and which increase susceptibility to the blandishments of those who would lead people into political slavery. Science had reduced the world to a small community without yet doing its full share to make it a good neighborhood. Point 4 is designed to harness science more positively to the great tasks of peace and security.

The prime concern of our foreign policy is what always has been the first concern of our domestic policy—preservation of freedom and the sense of individual dignity that, we believe, becomes mankind. We find ourselves opposing an economic plan called communism because we see in it a threat to the irresistible wash of competition against incompetence and wrong. But is not our first concern the political tyranny that lurks behind communism?

Always, we have placed a high value on the right to hold and to express opinion. Even when the critic of our institutions becomes grossly unfair and vituperative, we hold firm in our faith once stated by Thomas Jefferson that free and fearless criticism is an even better dependence of people hungry for liberty than a free government. We rely on untrammelled and honestly informed public opinion as a potent corrective, and we are afraid of any system of government that forbids it to function. The new urgency in our foreign policy derives from the knowledge that the present great challenger of freedom has torture prepared for its mildest critic, as well as an iron curtain between its people and the truth. The betrayal of the hope of the oppressed Russian people that successful revolt against the czar would usher in a true proletarian government is poorly masked by the most astounding gobbledygook of filched democratic shibboleths in history.

So, anything we do that promises to be effective in keeping free peoples out of the spreading maelstrom that the great betrayal has created is likely

to earn the encomium of Russian denunciation. Charges of imperial designs back of the Point 4 Program already have been voiced, and we should be prepared for further efforts to impeach. Our duty is to establish the helpful, friendly nature of our technical cooperation activities so that all the world may see that our objective is an improving society of free peoples, believing, with the Congress, that we have a natural interest in the growth of the democratic way of life and the upward march of all free men.

Point 4 is not a patronizing program; it is a fraternal one. We are not bumptiously proposing to superimpose improvement on others while unaware of our own deficiencies. We are taking a lead in encouraging the human family to be neighborly in attacking age-old problems that affect the happiness and welfare of all of us.

It's a practical, grass-roots plan to be neighborly. It puts the right kind of substance in our foreign policy, I truly believe. If it be admitted that we cannot live in indifferent isolation from the billion and a half people who need help, is this not a reasonable approach that promises progress to the understanding and friendship among peoples upon which must depend the the security of our own way of life?

I think it does, and I point out to you at the beginning of your own service in the program that we are working now with a year's appropriation that is less than one day's cost of our armament even in the years following the recent world war. In measuring the cost of the program to the American taxpayer, I think it reasonable to contemplate the possibility that it is a good investment in the increase of the only power in society that really can beat the sword into a plowshare—the power of good will. So much for my own testimony.

Staff members will lay before you information as to how our appropriation has been divided for both multilateral and bilateral projects and subdivided regionally. I commend to you with considerable pride the staff with whom I have been working and pay tribute in your presence to the cooperation given TCA by all the technical departments and agencies of the Government. All details as to our organization and cooperative working arrangements are available to you as you require them.

Finally, I refer to the fact that the President has given you a special assignment. He has asked you to examine the Gray report and advise him of what recommendations you have to make on the technical assistance and other economic aid to underdeveloped countries. Inasmuch as the Gray report deals somewhat with the question as to how the Point 4 Program should be administered, I assume your report to the President also may touch upon that problem. The Presidential assignment gives you at the beginning of the life of the Board an exceptional opportunity to affect most powerfully the whole cooperative movement in the first few months of its existence.

From Mr. Averell Harriman you will hear further discussion of this special Presidential assignment. And Under Secretary Webb, with whom you will meet today, doubtless, will advise you, as he already has advised your Chairman, of the availability of State Department aid as you may require it in making your study.

STATEMENT BY THE PRESIDENT

[Released to the press by the White House November 29.]

I am gratified that the new Advisory Board on International Development is today beginning to carry out the significant duties assigned it under the Act for International Development. That act, which authorized the Point 4 Program, provided for the establishment of this Board representing the public, with particular reference to business, labor, agriculture, public health, education, and voluntary agencies. By advising with the Government officials responsible for the Point 4 Program, this Board will be a vital force in giving the program the perspective it requires to accomplish its purpose.

Since the launching of the Point 4 Program, the outbreak of overt aggression in Korea has compelled all free nations to speed up every effort to strengthen the free world against the dangers which confront it. Mr. Gordon Gray and his staff recently completed a study of our foreign economic policies and programs, including the serious problems raised by the aggression in Korea. One of the major conclusions of the Gray report is that this aggression has underlined the importance of the whole Point 4 concept. In view of this finding, I recently stated that the first task of this Advisory Board would be to consider the kind of program advisable for the United States to undertake in this field.

The encouragement of economic and social progress in the underdeveloped areas is one of the most important problems facing the free world. This is particularly true in those countries of Asia where the Communist menace is so great. There is a direct relationship between strengthening underdeveloped areas and strengthening the free peoples of the entire world. Two-thirds of the world's people live in these areas. They suffer from hunger, disease, ignorance, and poverty. These people have already determined that there shall be change, come what may. The real question now is what direction that change shall take—whether it will blindly sweep aside many of the values that free people have learned to cherish, or whether it will contribute toward a more peaceful, prosperous world.

We in the United States cannot decide that question; it can be decided only by the people of the underdeveloped areas themselves. But I believe that we can offer them a helping hand out of the morass of misery from which they are struggling to escape, and we can also indicate the path which

others have followed toward freedom, dignity, and abundance. We can do this at relatively small cost to ourselves and, in the long run, with substantial and continuing benefit both to ourselves and to the entire free world.

Nelson D. Rockefeller was recently appointed chairman of the Board and took the oath of office on November 24. The President today appointed the following members:

Robert P. Daniel, President, Virginia State College
Harvey S. Firestone, Jr., Chairman of the Firestone Tire and Rubber Company

James W. Gerard, former Ambassador to Germany

John A. Hannah, President, Michigan State College, former President, Association of Land Grant Colleges and Universities

Margaret A. Hickey, educator, lawyer, and businesswoman, former President, National Federation of Business and Professional Women

Lewis G. Hines, Special Representative, American Federation of Labor

Thomas Parran, Dean, Graduate School of Public Health, University of Pittsburgh, and former Surgeon General of the United States

Clarence Poe, Editor of the *Progressive Farmer* and veteran agriculturalist

Jacob F. Potofsky, President, Amalgamated Clothing Workers of America

John L. Savage, Chief Designing Engineer of Grand Coulee and Hoover Dams, consulting engineer on power and irrigation projects in Europe and Asia

Charles L. Wheeler, Executive Vice President of Pope and Talbot, identified with shipping and lumber interests

Greetings to First Session of Libyan National Assembly

[Released to the press November 29]

The following message has been sent to the first session of the Libyan National Assembly which convened on November 25:

The Government of the United States of America welcomes the opportunity to extend to the Libyan National Assembly a message of hearty congratulations and best wishes on this memorable occasion.

As Libya prepares to take its place among the free and independent nations of the world, the Government and the people of the United States of America watch with interest and approval, recalling a similar event in the founding of our nation when the first Constitutional Congress met in the United States 163 years ago. Since that time, the original separate states have been welded together as a free nation, with liberty and justice for all.

It is the sincere wish of the Government of the United States of America that a glorious future for a free and united Libya may stem from this historical event which is taking place in Tripoli.

Libya Included in Point 4 Program

[Released to the press November 24]

Libya, former Italian colony now in process of achieving independence under United Nations auspices, will receive technical assistance from the United States under the Point 4 Program. An announcement to this effect was made today at Washington by Ambassador Capus M. Waynick, Acting Administrator of the Point 4 Program, and by the American consulate general in Tripoli, where a National Assembly is convening November 25 as a preliminary step to the establishment of an independent government for Libya.

The general purpose of the technical cooperation program in Libya will be to assist the efforts of the people to increase food production, reduce disease, raise the educational level, and, otherwise, improve living conditions.

Requests for the dispatch of American technicians to Libya have been received and are now being considered. Under the general procedure of the Point 4 Program, the Government of the United States is expected to pay the cost of sending to Libya technical experts in agriculture, water resources, health, and education, and of supplying equipment needed for demonstration or training purposes in case such equipment is not produced or available in the country. Libya will be expected to pay certain local costs.

Point 4 Program in Paraguay

[Released to the press December 2]

Establishment of the first Joint Commission for Economic Development under the Point 4 Program in Latin America was announced today by the Governments of the United States and Paraguay.

The announcement was made at Asunción by officials of the Paraguayan Government and at Washington by Dr. Henry G. Bennett, Administrator of the Point 4 Program.

United States members of the four-man Commission are Archibald R. Randolph, Chargé d'Affaires of the United States Embassy at Asunción, and Albion W. Patterson, who for several years has been chief of the Institute of Inter-American Affairs Food Supply Mission in Paraguay. Mr. Randolph will serve on the Commission until Howard H. Tewksbury, newly appointed United States Ambassador to Paraguay, presents his credentials at Asunción. Paraguayan members are Dr. Bernardo Ocampos, Minister of Foreign Affairs, and Dr. Ramon Mendez Paiva, Minister of Finance. The Commission members are appointed by their respective Governments.

The Commission will be a continuing body to make studies and recommendations to the two

Governments on (1) Paraguay's technical assistance needs; (2) Paraguay's resources and their potential development including opportunities for effective utilization of foreign technical knowledge, skills, and investment capital, both domestic and foreign. A staff of Paraguayan and United States technicians will assist the Commission.

The Point 4 Program in Paraguay will be built around the nucleus of existing programs concerned with food and agriculture, health and sanitation, and education which the Institute of Inter-American Affairs has conducted for some years. The Institute is a United States Government corporation established to carry out cooperative technical assistance programs in Latin America. It has operated in Paraguay since 1942 through Servicio organizations, staffed by both Paraguayan and United States citizens and financed jointly by the two Governments.

The food and agriculture Servicio now conducts a model ranch, a model dairy, and a school for supervisors of improved agricultural methods. It is helping the Government of Paraguay to administer and extend a supervised agricultural credit system, modeled on that of the United States.

The health and sanitation Servicio has established health and maternity centers in parts of the nation where preventive medicine was almost unknown. These centers are also engaged in the training of nurses. In addition to operating a large modern hospital, the Servicio has organized and carried out a wide rural sanitation program.

The education Servicio, established in 1945, has been active in the training of small artisans in fields such as plumbing, automotive and agriculture machinery repair, blacksmithing and foundry, electricity and radio, refrigeration, weaving, and leatherwork.

Responsibility for the vocational school will soon be turned over to the Paraguayan Ministry of Education, and the Servicio will embark on a program to expand and improve the nation's system of rural education.

Paraguay's economy is mainly based on agricultural and pastoral activities and the development of extensive forests, mostly of virgin hardwoods. The principal agricultural products are corn, cotton, tobacco, and rice. The last three are exported in modest but increasing quantities. Cattle raising is an important industry, and canned corned beef and animal byproducts are export items. Quebrach logs, yerba maté and extract, and petitgrain oil are the principal forest products. Paraguay is the world's largest supplier of the latter and is an important source of quebracho extract for tanning leathers.

The nation's economy is suffering from geographic isolation, lack of adequate transportation facilities, and scarcity of skilled industrial craftsmen and capital. The Joint Commission will work toward improvements in all these fields and

especially toward the increase of basic production and the greater primary processing of Paraguay's raw materials for export. These improvements should help the people of Paraguay to raise their standard of living and share more fully in the general development of Latin America.

General Technical Cooperation Agreement With Ceylon Signed

[Released to the press November 7]

Ceylon has concluded a standard general agreement for technical cooperation with the United States under the Point 4 Program, Acting Administrator Capus M. Waynick announced today. The agreement was signed at Colombo, the capital of Ceylon, November 7, by United States Ambassador Joseph C. Satterthwaite and Sir Kanthiah Vaithianathan, Permanent Secretary of the Ceylonese Ministry of External Affairs.

The agreement sets forth the conditions under which the United States will provide technical training for nationals of Ceylon and the services of American technicians to assist Ceylon in its efforts to develop its economy and improve the living conditions of its people. Concluded under terms of Title IV of Public Law 535 of the Eighty-first Congress, authorizing the Point 4 Program, the agreement sets a pattern for similar understandings with other countries.

Under the general agreement, separate agreements will cover specific projects involving technical cooperation which will be carried out in Ceylon.

Such projects are being planned in a number of countries, and a large scale project for rural improvement in Iran was announced on October 19.¹

The general agreement with Ceylon is considered significant not only because it is the first of its kind to be concluded under the new Point 4 Program but because it clears the way for technical cooperation projects in an area of the world where technical assistance can contribute to economic development.

Ceylon has rich agricultural resources, well-suited to production of tropical products. However, the production of rice, the principal food crop, is low, so that each year Ceylon must use about half its foreign exchange expenditures for imported foodstuffs. Although living on an island, the people catch only half the moderate amounts of fish they consume.

The principal exports are tea, rubber, and coconut products. The sale of these crops gives Ceylon a favorable balance of merchandise trade, particularly with the United States, but this is more than offset in monetary terms by payments on for-

¹ BULLETIN of Oct. 30, 1950, p. 703.

eign investments. There is relatively little industry, and although Ceylon hopes to carry out a modest program of industrialization, its Government is devoting its chief effort to increasing the island's food production by bringing more land under cultivation and raising the production per acre through improved farming methods. One of the principal programs is that for water development, both for the production of hydroelectric power and for irrigation.

Prior to achieving independence, Ceylon's principal experience was with British technicians, but since 1948 the Government has begun to look to the United States as well for technical assistance. For instance, an American firm, the Morrison-Knudsen Company, is constructing a dam, a small power plant and irrigation canals for watering 65,000 acres of rice and garden land, as part of the large Gal Oya project. Ceylon has obtained the services of a United States Bureau of Reclamation engineer to advise on the Gal Oya project, a Department of Commerce technician to advise on airport development, and a Federal Reserve Board expert to assist in the establishment of a central bank, of which he is now governor.

Text of Point 4 Agreement

The Government of the United States of America and the Government of Ceylon

Have agreed as follows:

Article I.

Assistance and Cooperation

1. The Government of the United States of America and the Government of Ceylon undertake to cooperate with each other in the interchange of technical knowledge and skills and in related activities designed to contribute to the balanced and integrated development of the economic resources and productive capacities of Ceylon. Particular technical cooperation programs and projects will be carried out pursuant to the provisions of such separate written agreements or understandings as may later be reached by the duly designated representatives of Ceylon and the Technical Cooperation Administration of the United States of America, or by other persons, agencies, or organizations designated by the governments.

2. The Government of Ceylon through its duly designated representatives in cooperation with representatives of the Technical Cooperation Administration of the United States of America and representatives of appropriate international organizations will endeavor to coordinate and integrate all technical cooperation programs being carried on in Ceylon.

3. The Government of Ceylon will cooperate in the mutual exchange of technical knowledge and skills with other countries participating in technical cooperation programs associated with that carried on under this Agreement.

4. The Government of Ceylon will endeavor to make effective use of the results of technical projects carried on in Ceylon in cooperation with the United States of America.

5. The two governments will, upon the request of either of them, consult with regard to any matter relating to the application of this Agreement to project agreements heretofore or hereafter concluded between them, or to operations or arrangements carried out pursuant to such agreements.

Article II.

Information and Publicity

1. The Government of Ceylon will communicate to the Government of the United States of America in a form and at intervals to be mutually agreed upon:

a) Information concerning projects, programs, measures and operations carried on under this Agreement, including a statement of the use of funds, materials, equipment, and services provided thereunder;

b) Information regarding technical assistance which has been or is being requested of other countries or of international organizations.

2. Not less frequently than once a year, the Governments of Ceylon and of the United States of America will make public in their respective countries periodic reports on the technical cooperation programs carried on pursuant to this Agreement. Such reports shall include information as to the use of funds, materials, equipment and services.

3. The Governments of the United States of America and Ceylon will endeavor to give full publicity to the objectives and progress of the technical cooperation program carried on under this Agreement.

Article III.

Program and Project Agreements

1. The program and project agreements referred to in Article I, Paragraph 1 above will include provisions relating to policies, administrative procedures, the disbursement of and accounting for funds, the contribution of each party to the cost of the program or project, and the furnishing of detailed information of the character set forth in Article II, Paragraph 1 above.

2. Any funds, materials and equipment introduced into Ceylon by the Government of the United States of America pursuant to such program and project agreements shall be exempt from taxes, service charges, investment or deposit requirements, and currency controls.

3. The Government of Ceylon agrees to bear a fair share of the cost of technical assistance programs and projects.

Article IV.

Personnel

All employees of the Government of the United States of America assigned to duties in Ceylon in connection with cooperative technical assistance programs and projects and accompanying members of their families shall be exempt from all Ceylon income taxes and social security taxes with respect to income upon which they are obligated to pay income or social security taxes to the Government of the United States of America, and from property taxes on personal property intended for their own use. Such employees and accompanying members of their families shall receive the same treatment with respect to the payment of customs and import duties on

personal effects, equipment and supplies imported into Ceylon for their own use, as is accorded by the Government of Ceylon to diplomatic personnel of the United States Embassy in Ceylon.

Article V.

Entry into Force, Amendment, Duration

1. This Agreement shall enter into force on the day on which it is signed. It shall remain in force until three months after either government shall have given notice in writing to the other of intention to terminate the Agreement.

2. If, during the life of this Agreement, either govern-

ment should consider that there should be an amendment thereof, it shall so notify the other government in writing and the two governments will thereupon consult with a view to agreeing upon the amendment.

3. Subsidiary project and other agreements and arrangements which may be concluded may remain in force beyond any termination of this Agreement, in accordance with such arrangements as the two governments may make.

4. This Agreement is complementary to and does not supersede existing agreements between the two governments except insofar as other agreements are inconsistent herewith.

Future Administration of GATT

[Released to the press December 6]

The Governments participating in the General Agreement on Tariffs and Trade, now meeting at Torquay, England, will shortly take up the question of the future administration of the Agreement.

In anticipation of this discussion, the executive agencies of this Government have reviewed the status of legislation affecting American participation in the General Agreement. This includes the Reciprocal Trade Agreements Act, which is scheduled to expire on June 12, 1951, the proposals to simplify our customs laws and regulations, and the proposed charter for an International Trade Organization.

As a result of this review the interested agencies have recommended and the President has agreed, that, while the proposed charter for an International Trade Organization should not be resubmitted to the Congress, Congress should be asked to consider legislation which will make American participation in the General Agreement more effective. The many serious problems now facing our Congress and the legislatures of other countries require that we concentrate on the trade programs that are most urgently needed and will most quickly produce concrete results.

We must, of course, continue the Trade Agreements Act. This has become a fundamental part of our foreign policy. In addition, we should continue to build upon the trade-agreements program by developing machinery for the administration of the General Agreement so as to permit it to operate more continuously and effectively.

The General Agreement on Tariffs and Trade came into force provisionally on January 1, 1948. It is the first multination trade agreement concluded under the Trade Agreements Act. It is a landmark in the history of international commercial relations and represents the most con-

structive effort ever undertaken for the simultaneous reduction of trade barriers among the nations of the free world. Thirty-two governments are, at present, parties to the Agreement, and seven more are expected to join at the conclusion of the tariff negotiations now being conducted at Torquay, England.

The General Agreement has achieved remarkable results. There has not, however, been any administrative machinery to permit continuing consultation among the participating countries on the problems that arise in interpreting and applying the Agreement. This lack has been a serious handicap since it has been difficult to handle matters of this kind solely through the semiannual sessions of the participants themselves. It is important that this handicap be removed promptly if the Agreement is to do its full part in increasing trade among the free nations and in eliminating the commercial causes of international friction.

To meet the need for improved organization, the United States will suggest to the other governments concerned the creation of the necessary administrative machinery, including a small permanent staff. Appropriate legislative authority for this purpose will be sought in connection with renewal of the Trade Agreements program.

Before United States participation in the General Agreement can be made fully effective, it will be necessary to simplify our customs laws and regulations in some respects. Certain provisions of the Agreement cannot be applied until this has been done. The customs simplification bill introduced in the Congress last spring would accomplish most of the needed improvements in the customs laws. Congressional action in this field will again be requested next year.

German Federal Republic's Monthly Economic Reviews¹

Improvement in economic activity for Western Germany continued at an accelerated pace during the month of August. Industrial production increased spectacularly. Unemployment continued to drop as employment increased. Exports rose and the trade deficit was reduced to the lowest level since May 1950.

With these good signs, certain difficulties characteristic of an expanding national economy in an expanding world economy also appeared: world market and some domestic prices rose sharply, and there developed shortages of certain raw materials, semi-finished products and types of skilled labor.

Industry

The index of industrial production (excluding building, stimulants and food processing) rose 6.5 percent during August to reach 114 percent of 1936, a new postwar record and the greatest single month-to-month increase since the index was established in January 1949. The increases were spread with comparative uniformity over almost the whole of industry, and are attributed to a marked increase in orders received since June, and to the vacation shutdowns in some industries in July.

Among the industries whose production on a daily average basis rose to new postwar records were: iron ore, salt and potash mining, crude oil extraction, oil refining, coal by-products, stones and earths, iron and steel, vehicles, electrical equipment, other metal goods, chemicals, hollow glass, paper production, rubber products, gas and tobacco.

Coal production in August amounted to 351,000 metric tons per day, compared with the postwar high of 364,000 metric tons in April, but had risen again to 355,000 tons per day in the week ending September 24. The failure of coal production to increase since last spring, together with the increase in demand resulting from the general revival of industry, especially steel, is now expected

to result in shortages of coal during the winter months.

It is estimated that the productive capacity is about 390,000 tons per day as compared with anticipated daily requirements of 400,000 to 410,000 tons. The demand for coal has been further stimulated by the expectation of an increase in the domestic price of coal, since the director general of the DKBL (Deutsche Kohlenbergbau-Leitung) has announced that wages must be increased to attract more workers to mining, and that this wage increase cannot be absorbed by the coal companies.

Orders for hot rolled finished steel received during September amounted to 1,465,000 tons, compared with 2,016,000 tons in August and 1,523,000 tons in July; export orders amounted to 175,000 tons in September and 360,000 tons in August. Average delivery time required for steel products is now about six months, but delivery delays quoted for light steel sheets have gone up to 14 to 16 months with heavier steel plates and sheets requiring seven or eight months. Daily average production of crude steel was 40,400 tons in September, compared with 39,800 tons in August and 39,900 in July.

Both internal consumption and exports of raw and semi-fabricated non-ferrous metals have risen substantially since June. The average monthly exports of these materials during the first half of 1950 amounted to 17,412 metric tons, valued at \$5,000,000 but in July rose to \$6,200,000 and in August to \$8,300,000.

Removal of restrictions upon the size, speed and number of commercial cargo ships built for export will necessitate readjustments in the shipbuilding industry. Vacant shipbuilding capacity exists mostly in the smaller yards since the larger yards have now received substantial export orders, but in many cases they must first finish or subcontract orders for repair work and smaller vessels before beginning on these orders.

Large diesel engines suitable for export ships requiring more than 5,000 horsepower will probably be scarce. Delivery date from the only two producers in Germany of such engines were running from one year to 18 months before the lifting of restrictions on shipbuilding was announced. One of these firms moved into a new

¹ Reprinted from the November and December issues of the *Information Bulletin*; prepared by the Analytical Reports Branch of the Program Review Division of the Office of Economic Affairs, HICOG.

factory October 1 and will now be able to expand output somewhat.

Faced with the continued rise in the price of raw rubber, the rubber industry is directing more attention to maximizing the use of scrap rubber. The price of tires has increased by as much as five percent, and technical rubber goods prices have increased by as much as 10 percent. Stocks of tires were nearly exhausted by heavy purchases during July and August, but production is sufficient to replenish stocks within the next few months, as well as keep pace with the increased demand.

Index of Industrial Production (1936=100)

	June	1950 July	Aug.
TOTAL ALL INDUSTRIES			
(incl. electricity and gas) 1/	108	107	114
(excl. electricity and gas)	r 106	105	111
Investment goods (total)	107	106	112
Raw materials	93	93	97
Finished products	117	114	122
General production goods			
(incl. electricity and gas)	121	123	130
(excl. electricity and gas)	115	117	124
Consumer goods	94	r 91	97

1/ = Excl. food processing, stimulants and building.
r = Revised.
p = Preliminary.

Production of Major Commodities

COMMODITY	Unit of Measure 1/	June	July r/	Aug. p/
Hard coal (gross mined)	thous. t	8,978	9,169	9,445
Crude petroleum	t	91,540	95,874	98,800
Cement	t	1,023,352	1,087,476	1,131,087
Bricks (total)	1000	440,544	458,937	476,088
Pig iron	t	750,179	818,715	858,056
Steel ingots	t	980,383	1,024,108	1,060,173
Rolled steel finished products	t	683,381	690,442	751,290
Farm tractors (total) 2/	pieces	3,764	4,281	4,931
Typewriters 3/	pieces	17,308	15,037	17,756
Passenger cars (incl. chassis)	pieces	18,737	15,976	20,394
Cameras (total)	pieces	197,393	202,797	178,532
Sulphuric acid (incl. oleum)	t SO ₃	95,114	96,034	100,479
Calcium carbide	t	59,702	58,140	59,333
Soap (total)	t	8,646	11,067	15,701
Newsprint	t	14,984	14,737	15,026
Auto and truck tires	pieces	241,886	267,880	287,487
Shoes (total)	1000 pairs	6,208	4,896	6,645

1/ = All tons are metric tons.
2/ = Excluding accessories, parts and spare parts.
3/ = Standard, long-carriage and portable typewriters.
r = Revised.

Foreign Trade

Commodity exports from Western Germany increased in August for the fourth consecutive month to reach a new postwar record of \$177,600,000. Commodity imports amounted to \$205,300,000, and the resultant trade deficit of \$27,700,000 was the lowest since the \$20,800,000 deficit in May 1950. Exports to the United States of \$10,000,000 also set a new postwar record. Imports from the United States were \$24,100,000, and the trade deficit the lowest in the postwar period.

For the first time since April, imports from countries participating in the European Recovery Program exceeded exports. Exports to Marshall Plan countries, however, reached a new high of \$126,100,000. Exports to Eastern Europe amounted to \$10,600,000, somewhat less than in July; imports increased, however, probably reflecting the beginning of seasonal agricultural shipments.

West German Foreign Commodity Trade

August 1950

CATEGORIES	[Thousand Dollars]	
	Imports	Exports
Food and agriculture	95,029	2,848
Industry	110,301	174,707
Raw materials	50,275	24,425
Semi-finished	33,846	37,106
Finished manufactures	26,180	113,176
Total	205,330	177,555
AREA		
Total Non-participating Countries	72,210	50,896
USA	24,100	10,034
Canada	456	967
Central America	4,483	2,419
South America	9,405	11,098
Non-participating Sterling Countries	10,296	7,125
Eastern Europe	10,331	10,620
Other Countries	13,139	8,633
Participating Countries	133,118	126,104
Non-Sterling	114,715	115,004
Sterling	18,403	11,100
Unspecified	2	555
Total	205,330	177,555

AUGUST IMPORT SURPLUS: \$27,775,000.

Agriculture

Total meat production in Western Germany in 1949-50 amounted to approximately 1,400,000 metric tons as compared to the prewar average of 1,900,000 metric tons. Plans for 1950-51 call for the production of 1,600,000 metric tons; current livestock numbers and feed and fodder availabilities indicate that this goal can be reached.

There was a marked decline in hoarding of fats, oils and sugar in September, caused by the general feeling that the international situation had improved and, in the case of fats and oils, by the fact that supplies continued to be available in spite of the hoarding.

In view of diminishing stocks and the possibility that trade agreement sources of supply may be curtailed, the Federal Republic intensified efforts to obtain maximum imports of fats, oils and sugar. For the first time in 18 months, dollars from exports have been made available for these items. Funds were authorized for the purchase of 62,500 tons of soybeans; 9,100 tons of soybean oil; 6,800 tons of copra and 7,135 tons of fish oil.

Furthermore, in an effort to counteract rising meat prices, the Federal Republic, in addition to stepping up meat imports from trade agreement sources, also authorized the expenditure of \$3,500,000 from export proceeds for canned meat from the United States.

Finance

The board of directors of the Bank Deutscher Laender has increased the minimum reserve requirements of banking institutions in Western Germany. Demand deposit requirements are increased from 10 percent to 15 percent in the larger cities and from eight percent to 12 percent in the smaller cities, and time deposit requirements from four to eight percent. Savings deposit requirements remain unaffected. The increases became

effective on Sept. 1 and are described as a warning signal prompted by recent tendencies of an inflationary character.

Berlin

A draft agreement between Federal Finance Minister Schaeffer and Berlin Mayor Reuter concerning budgetary aid to Berlin was signed at Bonn Sept. 8, 1950. The agreement, which was to go into effect Oct. 1, provides that the Federal Republic will take over DM 500,000,000 of the Berlin budget deficit for 1950-51, including 80 percent of occupation costs, 75 percent of the costs for the war injured and dependents of war casualties, 75 percent of pension and 50 percent of unemployment payments.

It is also provided that after the first three months, changes to correspond with the financial position of Berlin may be requested by either contracting party. The government has listed in its budget DM 300,000,000 for Berlin aid. DM 125,000,000 out of GARIOA funds will also become available. The government has promised to raise the remaining DM 75,000,000, but the source of these funds has not yet been settled.

Labor

Unemployment continued to decrease during September, though at a slower rate than during the past four months. At the end of September the number of unemployed was 1,271,647, a decrease of 69,559. The number of employed wage and salary earners was 14,297,192 on Sept. 30. Unemployment thus was 8.2 percent of the labor force compared with 10 percent at the end of June.

The trade union drive for higher wages, initiated in mid-July by sudden increases in consumer prices of bread, meat and fats, had brought pay increases to approximately 2,500 clerical and manual workers as of Sept. 25. About 18 percent of the wage and salary earning labor force received increases which averaged 10 percent. Most of the new agreements can be terminated in three or four months.

Prices

The index of basic materials prices increased by more than one percent from July 21 to Aug. 21, while the index of consumers' prices declined by less than one percent in about the same period. The averages cover, however, a number of diverse tendencies. In general, prices of meats continued to rise, although not as fast as in the preceding month, bread prices remained about the same and cereal prices increased slightly.

During September and October, the West German economy displayed many of the characteristics of a boom. In September, industrial production, imports, short-term credits, and many basic

materials prices rose sharply. September exports, although somewhat lower than in August, remained at a high level. Unemployment continued to decline, and demand for skilled labor exceeded supply in some industries and areas. Raw material shortages—particularly in coal, electric power, and nonferrous metals—began to develop. Preliminary information indicates that production and credit continued to rise in October. The Federal Ministry of Economics and the Bank Deutscher Laender decided to check credit expansion so as to conserve foreign exchange reserves, and prevent further price rises. These measures may temporarily retard the rate of economic expansion, but it is believed they will contribute to internal financial stability, which is the prerequisite for continued expansion over a long period.

Consumer Price Index—Bizonal Area¹

(Wage/salary earner's family of four, with one child under 14)

(1938=100)

	June	July	Aug.
Total	151	149	148
Food	157	153	150
Stimulants	284	284	285
Clothing	185	183	182
Rent	103	103	103
Heat and light	118	118	118
Cleaning and hygiene	147	147	147
Education and entertainment	141	141	140
Household goods	162	161	159
Travelling	133	133	133

¹ The Consumer Price Index is not yet available on a trizonal basis.

Basic Materials Price Index

(1938=100)

	June	July	Aug.
Food	168	176	177
Industry	218	222	227
Total	198	204	p 207

p—Preliminary.

Industry

The Federal index of industrial production (excluding building, stimulants and food processing) rose by 7.8 percent to a postwar record of 124 percent of 1936, the largest percentage increase since November 1948. Only coal mining, iron and steel production, shoes, leather and shipbuilding are below 1936 levels. Total production has now reached the 1938 level, at which time substantial war production was already under way in Nazi Germany. Per capita production, however, is at about 82 percent of the 1938 level. Postwar records were set in September for every industry group except crude oil, flat glass, sawmills and woodworking. (Figures are not yet available for shipbuilding, non-ferrous castings, building and beer.) Some of the increase in production over July and August was expected, because during these months many industries are shut down for summer vacations and overhauling. But after allowance has been made for this factor, the rate of increase remains exceptional.

Further increases in the production rate are to a large extent dependent upon coal deliveries.

Priorities on shipments have been established by the German Coal Mining Directorate in the following order: Export; iron and steel; public utilities; other industry; trade and domestic uses. The International Authority for the Ruhr has fixed the amount of German coal to be exported during the fourth quarter of 1950 at 6,830,000 tons. This allocation is based on an expected daily average production of 370,000 tons, and any excess or deficit will accrue to the German economy. Daily coal production averaged 365,000 tons in October.

Crude steel production amounted to 1,134,954 tons in October, compared with 1,097,038 tons in September. Orders received during October for hot rolled steel finished products amounted to 1,644,000 tons, compared with a revised figure for September orders of 1,801,000 tons. Of these amounts, export orders received in October amounted to 164,000 tons, compared with 188,000 tons in September. Exports of steel scrap amounted to 132,912 tons in September, compared with 177,690 tons in August.

Consumption of electric power during October was 18.5 percent above the corresponding months in 1949, whereas generation capacity has been increased by only 8.5 percent. It is feared that the greater demand for power and expected shortage of coal will result in shortages of electric power this winter. Power shortages have already necessitated curtailment of production of chemicals in Bavaria.

Index of Industrial Production

	(1936=100)	Jul 1950	Aug 1950	Sep 1950
TOTAL ALL INDUSTRIES (incl. electricity and gas) ¹		107	r 115	124
(excl. electricity and gas)		105	r 113	121
Investment goods (total)		106	r 113	122
Raw materials		93	r 98	102
Finished products		114	r 123	135
General production goods: (incl. electricity and gas)		123	130	137
(excl. electricity and gas)		117	124	131
Consumer goods		91	r 101	109

¹ Excl. food processing, stimulants and buildings.
r=revised.

Production of Major Commodities

COMMODITY	Unit of Measure ¹	Jul	Aug r	Sep p
Hard coal (gross mined)	thous. t	9,169	9,445	9,216
Crude petroleum	t	95,874	98,800	95,211
Cement	t	1,087,476	1,134,202	1,145,182
Bricks (total)	1000	458,937	483,761	458,497
Pig iron	t	818,715	838,021	875,912
Steel ingots	t	1,024,108	1,060,173	1,050,176
Roller steel finished products	t	600,442	751,290	759,000
Farm tractors (total) ²	pieces	7,555	8,985	9,496
Typewriters ³	pieces	15,037	18,559	20,360
Passenger cars (incl. chassis)	pieces	15,976	20,395	20,997
Cameras (total)	pieces	203,243	179,148	176,979
Sulphuric acid (incl. oleum)	t-SO ₂	96,034	102,318	100,790
Calcium carbide	t	58,140	59,333	60,611
Soap (total)	t	11,067	16,122	16,987
Newsprint	t	14,737	15,025	13,987
Auto and truck tires	pieces	267,880	285,559	320,611
Shoes (total)	1000 pairs	r 4,850	6,801	8,111

¹ All tons are metric tons.
² Excluding accessories, parts and spare parts.
³ Standard, long-carriage and portable typewriters.
r=revised.
p=preliminary.

Transportation

Traffic demands on the railways during October were 10 percent higher than in 1949, and by far the highest of any postwar month. The Bundesbahn met these demands by employing certain emergency measures, the most important of which were suspension of all periodic repairs and inspections, retention of all cars in running condition in traffic until they actually broke down, and then making only the most necessary light repairs. During September the number of serviceable freight cars increased from 213,000 to 240,000, almost the entire increase being the result of a special campaign to repair non-serviceable cars. The number of non-serviceable cars declined further by 2,000 during October. In addition, 5,000 cars were rented from the French and Belgian railways. An average of 62,000 cars were loaded per working day in October.

Communications

On Nov. 1, 1950 direct subscriber-to-subscriber teletype service between the Federal Republic and the United States was opened. Initially, service will be limited in the United States to telex subscribers in the New York and Washington areas. There are 3,015 German subscribers and a backlog of more than 400 applicants are awaiting expansion of facilities to permit connection.

Employment and Unemployment

Employment in the Federal Republic rose to new postwar heights in October despite usually cold weather in the last 10 days of the month, and growing raw material and housing shortages. The number of employed wage and salary earners increased by 100,000 to 14,400,000, which is almost 750,000 above the figure at the end of October 1949, the peak for that year. Unemployment fell by 41,500 to 1,230,171 at the end of October. The October decline was the lowest monthly decline this year, reflecting adverse seasonal influences. At the end of October unemployment was 7.9 percent of the wage and salary earning labor force, and 5.5 percent of the estimated total labor force. Never since March 1949 has the unemployment coefficient been so low. Almost all branches of industry, including building, participated in the upward employment trend, the exceptions being agriculture, forestry and domestic service.

Wage rates, earnings and working hours continued to rise during October. Another 2,500,000 manual and office workers obtained wage and salary increases of about 10 percent in collective agreements negotiated between trade unions and employers associations. The most important agreement of the month—that providing for a 10 percent wage boost for hard coal miners of the Ruhr and Aachen fields, and a 5 percent increase

for miners in Lower Saxony—has so far been ratified only by the Mine Worker's Union. The German Coal Mining Directorate is withholding ratification until the Federal Government gives permission for a corresponding increase in the producer price of coal. Negotiators of both sides believe that a wage increase would help raise coal production by restoring sub-surface miners to top place in the wage structure of Western Germany and thereby stimulate the recruitment of new labor and halt migration of miners to the steel mills and other branches of the metal working industry, which for three months have held first place in the wages structure. With few exceptions wage increases were obtained without recourse to strikes. The most important strike of the month was by government employees on locks, tugs and lightships, who had demanded a 15 percent wage increase. The strike was settled after a week with agreement which provided for a nine pfennig per hour increase for hourly employees and a flat 20 Deutsche mark increase for salaried personnel.

Prices

The index of basic materials prices based on data available on Oct. 7 declined one point from the Sept. 21 figure of 220 percent of 1938. All of the decline was in the food component, which declined from 178 percent of 1938 to 177 in the 15-day period. Most of the declines were in meat prices but the index of potato prices rose from 133 to 141. The industrial component remained at 247, small declines in prices for potassium fertilizer, wool, hides, and raw rubber being offset by rises in prices for aluminum, calfskin, bricks and roofing tiles.

Consumer Price Index—Bizonal Area ¹

(1938=100)

(Wage/salary earner's family of four, with one child under 14)

	Aug	Sept	Oct
Total	148	148	149
Food	150	149	150
Stimulants	285	275	275
Clothing	182	184	187
Rent	103	103	103
Heat and Light	118	118	118
Cleaning and Hygiene	147	147	148
Education and Entertainment	140	140	141
Household Goods	159	160	161
Traveling	133	133	133

¹ The Consumer Price Index is not yet available on a Trizonal Basis.

Basic Materials Price Index

(1938=100)

	Aug	Sept	Oct
Food	p 178	p 177	p 178
Industry	224	230	247
Total	p 206	p 209	p 217

p= Preliminary.

The total index of consumer prices for October, which is based on data available on the fifteenth of the month, rose one point to 149 percent of 1938. The food component of the index rose by one point, largely as a result of increased prices for fruits and

vegetables. Prices for clothing, household goods, cleaning and hygiene also increased. The September and October increases in clothing and household goods prices were the first in almost two years.

Foreign Trade

Total West German exports in September of \$165,700,000, were \$11,900,000 lower than the \$177,600,000 recorded in August. The September decline in total exports reverses the steady climb this year for every month since April; but the September total of \$165,700,000 was still the third highest monthly figure in the postwar period. Imports rose to \$239,100,000 in September, \$33,800,000 above the \$205,300,000 August total. The September figure was the highest in 1950 and the second highest monthly import total in the postwar period. The September trade deficit of \$73,400,000 was the second largest in 1950, being exceeded only by that of \$125,800,000 in January, when exports were \$104,400,000 and imports \$230,200,000.

The commodity group breakdown reveals that there was a slight rise in September in exports of industrial raw materials and a drop in exports of semi-finished and finished goods. Imports of semi-finished industrial goods were somewhat less than in August, while imports of food and agricultural products and industrial raw materials rose sharply.

West German Foreign Commodity Trade

September 1950

[Thousand Dollars]

CATEGORIES	Imports	Exports
Food and Agriculture	112,242	2,363
Industry	126,899	163,386
Raw Materials	65,504	27,196
Semi-finished Goods	30,685	31,223
Finished Goods	30,710	104,967
Total	239,141	165,749
AREA		
Total Non-participating Countries	81,456	46,624
USA	22,270	10,681
Canada	475	1,177
Latin America	18,024	12,691
Non-participating Sterling Countries	10,304	5,627
Eastern Europe	13,623	9,122
Other Countries	16,760	7,326
Participating Countries	157,534	118,524
Non-Sterling	131,232	110,801
Sterling	26,302	7,723
Unspecified	151	601
Total	239,141	165,749

IMPORT SURPLUS: September \$73,392,000.

The United Kingdom-German Federal Republic Payments Agreement initialled in London on Oct. 6, 1950 differs from previous agreements with the UK in that it provides for the possibility of bringing the Federal Republic into the Transferable Account Area. The agreement provides that payments for trade between the Deutsche mark area and the Scheduled Territories of the Sterling Area shall be in sterling. It is further agreed

that the use of sterling for direct current transactions between the Deutsche mark and such countries outside of the Scheduled Territories as may be agreed between the Bank of England and the Bank Deutscher Laender shall not be restricted. Such other countries in the Transferable Account Area under present UK regulations are as follows: Chile, Czechoslovakia, Egypt, Ethiopia, Finland, Iran, Spanish Monetary Area, Anglo-Egyptian Sudan, Thailand, USSR, Italy, Netherlands Monetary Area, Norway, and Sweden.

The agreement does not provide for the opening of dual accounts in Deutsche marks and sterling. However, by letter appended to the agreement it was agreed that there would be no objection to the opening in London of a market in Deutsche marks or Deutsche mark notes, such market being operated by authorized dealers only, and that the Deutsche mark quotations in this market should be closely related to the accepted parity of the Deutsche mark. Invoices may be in Deutsche marks, provided the sterling area exporter finally receives sterling. This could be handled by Deutsche mark payment by a German importer into the Deutsche mark account in Germany of an authorized dealer who would then pay out sterling to the sterling area exporter. This agreement is still under consideration by Hicog.

Arrangements have been made in the German-Greek trade agreement for the procurement of 35,000 tons of Greek tobacco during the period from Nov. 1, 1950 through June, 1953, provided tobacco taxes are reduced by the Federal Republic. The German cigarette manufacturers contend that, in the absence of a tax reduction to stimulate consumption, they will not have the capital to increase their inventories of Greek and Oriental tobaccos. Taxes now comprise about 70 percent of the consumer price of cigarettes.

Finance

In the first five months of the fiscal year which began on April 1, 1950, combined federal and state revenues amounted to DM 7,825,600,000 (about \$1,862,000,000), and expenditures exceeded revenues by DM 1,294,000,000 (about \$307,972,000). During the same period the combined federal and state internal indebtedness increased from DM 818,600,000 (about \$194,826,800) to DM 2,241,900,000 (about \$533,572,200). (These figures represent internal indebtedness incurred since the currency reform, excluding equalization claims arising from the currency reform, as well as federal indebtedness arising from foreign aid and including proceeds from the sale of coins to the Bank Deutscher Laender.) The present rate of increase in public debts is contributing substantially to the growth of commercial bank reserves and tending to thwart efforts of the Bank Deutscher Laender to take a commanding position over internal credit developments. In view of

the fact that public expenditures can be expected to rise sharply in the near future, especially for increased occupation costs, the federal government has been informally advised that taxes should be raised. It has been suggested that the increase should take place in individual and corporation income taxes, and inheritance taxes and that a tax should be placed on the sale of luxury consumer goods.

As a result of the import surplus during the past few months, and larger payments deficit, the volume of short-term loans to business had been slowly increasing. During the first weeks of September, however, the volume of both short-term loans and rediscounting rose substantially. On Sept. 20 the Bank Deutscher Laender increase the legal reserve requirements generally about 50 percent, effective Oct. 1, instead of Sept. 1, as stated in this report for September. Final statistics for September disclosed that short term loans had increased by DM 739,000,000 (about \$175,882,000) to a total of DM 11,835,000,000 (about \$2,811,930,000), in contrast to a June through August increase of DM 780,000,000 (about \$185,240,000), while paper rediscounted had increased DM 638,200,000 (about \$151,891,600) during the month to reach a total of DM 3,243,500,000 (about \$771,653,000). Figures for the first weeks of October based on a sample of reporting banks indicated that the rate of credit increase had not abated. On Oct. 13 the Bank Deutscher Laender directed Land Central Banks to reduce by Jan. 31, 1951 the volume of bank acceptances rediscounted to 90 percent of the volume outstanding on Oct. 31. The Bank Deutscher Laender also instructed commercial banks to reduce their acceptance credits outstanding to the Oct. 12 level before Dec. 31, 1950. On Oct. 26 the rediscount rate was raised from 4 to 6 percent and the Lombard rate (applied to loans based upon securities) from 5 to 7 percent.

Agriculture

During October, Western Germany continued to receive substantial quantities of food and agricultural commodities under its trade agreement import program. Estimated receipt of basic items from trade agreement sources in October are as follows:

	Quantity (metric tons)	Approx. Value (\$Mill.)
Bread grains	100,000	8.0
Coarse grains	40,000	2.6
Fats and oils	52,000	24.0
Sugar	20,000	3.5

Further purchase of basic food items was hindered by a shortage of available exchange that arose when trade liberalization resulted in unexpectedly large purchase of foreign goods in recent months. The situation is currently so critical that full advantage could not be taken of offers of wheat and flour from Australia.

Prospective imports of coarse grains faced growing difficulties in October when it became clear that the quantities of feed grains available had been sharply reduced because of poor crops in the Balkan countries, Argentina, France and French North Africa. Furthermore, iron curtain countries are apparently holding back on their wheat offerings pending the outcome of the Economic Commission for Europe decisions at the grain trade conference in Geneva on Nov. 14.

Agricultural Production

The latest forecast of the total potato harvest for 1950 is 26,000,000 metric tons as compared with 20,900,000 last year. The latest estimates of sugar beet production indicate a total beet production of 6,100,000 metric tons. This result was brought about by a 15 percent increase in planted area and considerable better yields per hectare than last year. A total white sugar production of approximately 750,000 metric tons is anticipated as compared with 562,000 metric tons last year. Final production estimates for 1950 on grain indicate a harvest almost as good as last year. Total bread grain production is estimated at 5,791,100 metric tons as compared with 5,954,000 metric tons last year; total fodder grain production (excluding corn) is estimated at 4,395,700 metric tons as compared with 4,246,000 last year. Preliminary results of the total hay harvest (clover, alfalfa, permanent and rotation meadows) indicate a slightly reduced production with 21.5 million metric tons as compared with 21,700,000 tons in 1949-50. The slight reduction in hay production is, however, fully compensated for by an excellent harvest of fodder beets and of intermediate fodder crops such as rape, fodder corn, vetch and crimson clover.

Hog numbers reached a post-war peak according to the recently completed September hog census. Numbers, at 11,100,000 head, were still 15 percent below pre-war average, but the number of bred sows reported in the same census surpassed the pre-war average by 15 percent.

Legislation

Two new federal ordinances on agricultural subjects were issued during the month. The first, issued Oct. 4, removed the following items from price control:

- (1) Raw and refined vegetable and animal oils,
- (2) Hardened refined vegetable and animal oils, when used for the production of margarine and synthetic edible fats,
- (3) Malted and extracted margarine,
- (4) Trade margins for rye and wheat.

The second, issued Oct. 7, established bread grain prices for the months October 1950 to June 1951. The prices differ by months and for various price areas. The price ranges for rye and

wheat for October 1950 and June 1951 are as follows:

	October 1950 DM per ton	June 1951 DM per ton
Domestic Rye	273.50-281.50	283.50-291.50
Domestic Wheat	313.50-321.50	323.50-331.50
Imported Rye	274.50-280.50	284.50-290.50
Imported Wheat	315.50-321.50	325.50-331.50

Conversion of American Bank Accounts in Soviet Zone in Germany

[Released to the press December 6]

The Department of State wishes to remind United States citizens who on May 9, 1945, had reichsmark deposits in financial institutions in the Soviet zone of occupation or in German areas east of the Oder-Neisse line that applications for conversion of such accounts under currency reform legislation in effect in those areas must be filed with the Banken-Kommission, Tauben-strasse 26, Berlin W 8, Germany, before December 31, 1950. Applications must be submitted on special forms which can be obtained only from the Banken-Kommission in Berlin.

Requests for these forms should include the name of the depository bank, the account number, the name in which the account was carried, and the amount of the latest balance known to the applicant. The completed form must be returned to the Banken-Kommission in Berlin before December 31, 1950, or the account will be canceled.

Revaluation will take place at the rate of 1 East mark for every 10 reichsmarks previously due, and it is the Department's understanding that the revaluated amounts will be blocked until further notice.

Recent Releases

For sale by the Superintendent of Documents, Government Printing Office, Washington 25, D. C. Address requests direct to the Superintendent of Documents, except in the case of free publications, which may be obtained from the Department of State.

Military Mission to Iran. Treaties and Other International Acts Series 2068. Pub. 3908. 5 pp. 5¢.

Agreement between the United States and Iran revising and extending agreement of October 6, 1947—**Effected by exchange of notes dated at Tehran November 28, 1949 and January 10, 1950; entered into force January 10, 1950, operative from March 20, 1950.**

Education: Cooperative Program in Guatemala. Treaties and Other International Acts Series 2076. Pub. 3910. 5 pp. 5¢.

Agreement between the United States and Guatemala modifying and extending agreement of August 12, 1944, as modified and extended—**Effected by exchange of notes signed at Guatemala June 29 and July 10, 1948; entered into force July 11, 1948, operative retroactively from June 30, 1948.**

Supplying Foodstuffs for Yugoslavia

U.S.-YUGOSLAV AGREEMENT

[Released to the press December 4]

There follows the text of a note dated November 20, 1950, from the American Ambassador at Belgrade to the Yugoslav Deputy Foreign Minister, regarding the provision under the Mutual Defense Assistance Act of foodstuffs in support of the needs of the Yugoslav armed forces, and the text of the Yugoslav Deputy Foreign Minister's reply of November 21, 1950. These notes, taken together, constitute an agreement regarding the foodstuffs being furnished to Yugoslavia under the provisions of this act.

U.S. Note of November 20, 1950

DEAR MR. MINISTER: I have the honor to refer to the request submitted to the Secretary of State of the Government of the United States on October 20, 1950, by the Ambassador of the Federal People's Republic of Yugoslavia for assistance to meet the emergency in Yugoslavia resulting from the recent drought.

Particular reference is made to that part of your country's shortages which affects the continued ability of your government to support the food requirements of its military forces. It is understood that the drought prevailing in Yugoslavia and the consequent shortage of food is so drastic as to seriously impair the ability of your government to defend itself against aggression.

Our two governments are both desirous of fostering international peace and security within the framework of the Charter of the United Nations through measures which will further the ability of nations dedicated to the purposes and principles of the Charter to participate effectively in arrangements for individual and collective self-defense in support of those purposes and principles.

Accordingly, I am pleased to inform you that my government is prepared, pursuant to the provisions of Public Law 329, 81st Congress, as amended, to supply assistance in aid of food requirements of the armed forces of your government on the following mutually agreed basis that:

(1) Your government will use the assistance exclusively for the purpose for which it is furnished, namely, in furtherance of the purposes of the Charter of the United Nations, to prevent the weakening of the defenses of the Federal People's Republic of Yugoslavia;

(2) That your government agrees not to transfer to any other nation the assistance furnished pursuant to this agreement without the prior consent of this government;

(3) That your government will provide the United States with reciprocal assistance by continuing to facilitate the production and transfer to the United States, in such quantities and upon such terms and conditions as may be agreed on, of raw and semi-processed materials required by the

United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in Yugoslavia. Arrangements for such transfers shall give due regard to requirements for domestic use and commercial export of Yugoslavia;

(4) That your government is prepared to make available to the Government of the United States of America dinars for the use of the United States of America for any administrative expenditures within Yugoslavia in connection with assistance furnished by the United States of America to Yugoslavia arising out of this agreement. Our two governments will at the appropriate time initiate discussion with a view to determining the amount of such dinars and to agree upon arrangements for the furnishing of such dinars.

I have the honor to propose that this note, together with the reply of the Government of Yugoslavia giving these assurances, constitute an agreement, effective on the date of your reply.

I take this occasion, Mr. Minister, to renew the assurances of my highest consideration.

GEORGE V. ALLEN
American Ambassador

Yugoslav Note of November 21, 1950

DEAR MR. AMBASSADOR, I have the honour to acknowledge receipt of your note dated November 20, 1950 which reads as follows:

[Here follows text of U.S. note of November 20.]

I have the honour to inform you that the Government of the Federal People's Republic is in full agreement with the above text, and take this occasion, Mr. Ambassador, to renew the assurances of my highest consideration.

L. MATES
Deputy Minister for Foreign Affairs

PUBLICITY FOR FOOD DISTRIBUTION

There follows the text of a note dated November 17, 1950, from the American Ambassador at Belgrade to the Yugoslav Deputy Foreign Minister, regarding publicity and observation arrangements concerning the distribution of foodstuffs furnished to the Yugoslav Government by the United States Government, and the text of the Yugoslav Deputy Foreign Minister's reply of November 21, 1950.

U.S. Note of November 17, 1950

DEAR MR. MINISTER: The Embassy of the United States of America desires to ascertain, with regard to the foodstuffs which the United States Government is directly or indirectly making available to help prevent human suffering in Yugoslavia this coming winter, that the understanding reached during our conversations concerning the

handling and distribution of these foodstuffs is as follows:

It will be possible for officials of the United States Government and representatives of the United States press freely to observe the receipt and distribution of this assistance with a view to noting that it is equitably distributed among the population of Yugoslavia; that these United States officials shall have opportunity to make their observations known to, and to discuss the necessary supply and transportation arrangements with, the appropriate Yugoslav officials; and that the Government of the Federal People's Republic of Yugoslavia is prepared to provide periodic reports concerning the use made of this assistance.

It is also understood that the Government of the Federal People's Republic of Yugoslavia concurs that the source and character of this assistance should become known to the Yugoslav people and is prepared to give full publicity to it and to afford the United States Government opportunity to give similar publicity, including the use of special labels or other designations on the packaging of the foodstuffs being made available.

I should be glad to have your confirmation of the foregoing understanding.

I take this occasion, Mr. Minister, to renew the assurances of my highest consideration.

GEORGE V. ALLEN
American Ambassador

Yugoslav Note of November 21, 1950

DEAR MR. AMBASSADOR: I have the honour to acknowledge receipt of your note dated November 17, 1950 which reads as follows:

[Here follows text of U.S. Note of November 17.]

I have the honour to inform you that the Government of the Federal People's Republic of Yugoslavia is in full agreement with the above text, and take this occasion, Mr. Ambassador, to renew the assurance of my highest consideration.

L. MATES
Deputy Minister for Foreign Affairs.

Procedures To Carry Out Claims Settlement Act

[Released to the press December 7]

The International Claims Commission today announced the publication of its rules of practice and procedure to carry out the purposes of the International Claims Settlement Act of 1949, Pub-

¹ 15 Fed. Reg. 8675.

lic Law 455, 81st Congress, approved March 10, 1950. The rules which have been adopted are published today in the *Federal Register*.¹

The first claims to be considered under the act are those arising under the Yugoslav Claims Agreement of 1948, whereby the Government of Yugoslavia paid over to the Government of the United States the sum of 17 million dollars in *en bloc* settlement of claims of the Government of the United States and of nationals of the United States arising out of the nationalization or other taking of property by the foreign government.

Approximately 1,500 claimants have, heretofore, filed notice with the Department of State of their intention to file claims in this matter. While the major number constitute small claims arising out of the taking of privately owned farms and homesteads, there are several claims in large amounts involving the taking of industrial enterprises.

THE FOREIGN SERVICE

Consular Offices

Effective August 21, 1950, a branch office of the United States Political Adviser for Japan was opened at Fukuoka.

An American consulate was established at Chiangmai, Thailand, on October 27, 1950, and was opened to the public on November 9.

The American consular agency at Concepción, Chile, was officially opened to the public on November 25, 1950.

The Department of State announced on December 6 that the American consulate at Penang, Federation of Malaya, was opened to the public on December 4. The consulate, closed since occupation by the Japanese forces on December 16, 1941, has been reestablished with the appointment of LaRue R. Lutkins as principal officer.

Penang is on a direct route of travel for round-the-world and Asia-Europe traffic and provides an excellent supply of export cargo because of its position as a transshipment point for Malaya, the west coast of Thailand, and Sumatra. Tin is the principal cargo moving to the United States from Penang.

In addition to the consulate at Penang, two new posts have been opened in Southeast Asia, and a third will be established soon. They are:

The American consulate at Chiangmai, Thailand, opened for the transaction of public business on November 9. The principal officer is James M. Farrior.

The American Legation to the Kingdom of Cambodia at Phnom Penh, Cambodia, was opened to the public November 14, 1950.

An American Legation is to be established soon at Vientiane, capital of the Kingdom of Laos.

Minister Donald R. Heath is accredited to the three Associated States of Vietnam, Cambodia, and Laos.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

Debate on Chinese Communist Intervention in Korea

SIX-POWER RESOLUTION DEMANDS URGENT CONSIDERATION

STATEMENT BY AMBASSADOR WARREN R. AUSTIN IN THE SECURITY COUNCIL¹

I repeat, the problem is this: Will there be peace or war in the Far East? The world awaits anxiously the answer to that question.

General Wu Says Chinese Love Peace

Yesterday, General Wu said that the Chinese people love peace. On that, we can agree. I believe that the peoples of the United Nations love peace and, for that very reason, they established this organization.

General Wu told this body that the Chinese people cannot afford to stand idly by in the face of United Nations military action in Korea, which he called "United States aggression." This United Nations action, he told us, had a dangerous tendency toward the extension of war. His regime, he told us, sees no reason whatsoever to limit the participation of Chinese Communists in the struggle against the United Nations. Still, I am willing to agree that the Chinese people love peace.

General Wu told us that, regardless of any military measures taken in the name of the United Nations, the Chinese people are firmly determined to recover Taiwan and all other territories belonging to China—that no decision of the United Nations will prevent "action" by the Chinese people. Still, I am willing to agree that the Chinese people love peace.

General Wu contrived, in the course of his speech, to challenge about two-thirds of all the world, to defy the United Nations, and to dismay friends of China. Glorifying peace, he sounded

threatening. Invited here to give information and to shed light, he gave distortions, slanders, half-truths, and outright lies—some big and some small.

Pending Resolution Fulfills Timely Need

The draft resolution distributed as document S/1894 covers all these special aims.² It covers too—and above all—the general intention to avoid any misunderstanding which might have tragic consequences. At a time when the Peking authorities might be led into taking action pregnant with terrible consequences as a result of insufficient acquaintance with the facts of the matter or of the political, economic, and administrative intentions of the United Nations, no effort should be spared to see that the facts and intentions are explained and stated with all the required authority.

The draft resolution was therefore submitted. Owing to the invitation to the Peking authorities, and at the suggestion of the representative of the Union of Soviet Socialist Republics, discussion of it was delayed until their arrival. Thus 18 days have elapsed since the draft resolution was submitted. Those 18 days have been loaded with events; intentions, which were then obscure, have been expressed here in unambiguous and rather violent terms.

Does that mean that the draft resolution is out of date? Does that mean that all the conclusions should immediately be drawn from the events of those 18 days and that an outright condemnation should be substituted for what was then simply a warning? The French delegation does not think so. The intentions of Peking have been expressed in the crude and violent terms apparently appropriate to the subject. The legal facts of the matter

¹ Made on Nov. 29 and released to the press by the U.S. Mission to the United Nations on the same date.

² BULLETIN of Nov. 27, 1950, p. 853.

have not thereby been changed, nor the intentions of the United Nations; the general situation has undoubtedly become worse. That is no reason for the United Nations to be diverted from saying what it has to say; rather, it is an additional reason for it to state its position and policy, to state them in terms which will not allow of any misinterpretation and terms to which everyone can point. It is the strongest possible reason to tell the Peking authorities that the action they have undertaken is contrary to the Charter, to which they themselves intend to appeal, and that their fears, if they have any, are baseless. It is, too, an ideal opportunity to state the lines along which solutions to the problems arising in Korea and in connection with Korea might be sought and found, and it is our hope that these explanations and this appeal will be heard while there is still time.

For these reasons, the French delegation wishes the Council to resume the discussion of the draft resolution submitted 18 days ago and hopes that it will be called upon without delay to support the text submitted by six of its members 18 days ago.

General Wu Misrepresents History

General Wu went very far yesterday to show that his hand is against all men. Let him pay heed, lest he go home from this place with all men's hands against him.

My delegation has no wish to explore, at this time, the details of General Wu's statement. It would take a long time to restore history to its previous condition. At this moment, the Council should not be delayed in its effort to prevent the spread of war in Asia. At this moment, it suffices for me categorically to deny his charges against the United Nations and against the United States. Before proposing that the Security Council move ahead on the pending business, I shall take only a moment to refute General Wu's basic contention that the Chinese Communist activities in Korea are defensive and are their answer to American intervention in Formosa and in Korea.

Our actions since the establishment of the Peking regime have not been aggressive toward China or toward Korea or in Korea. During the year preceding the attack from North Korea, the United States took no action in Asia which could possibly be interpreted as aggressive. It was during that period that some 140,000 Koreans, who had fought in the Chinese armies, began to be transferred by the Peking regime to the armies of North Korea. This was going on after the United States withdrew its military units from the Republic of Korea.

It was solely in response to the attack of the Soviet-controlled puppet regime in North Korea against the Republic of Korea that the United States and the United Nations took up arms, and the United States returned to Korea with the forces of other members of the United Nations.

The United States action in respect to Formosa was taken solely in response to that Korean adventure.

General Wu misrepresents all this history in his attempts to depict the United States as an aggressor. He remains silent about the United Nations Commission on Korea, its labors to unify that country peacefully, its reports on the aggression from the north, reports signed by representatives of Australia, China, El Salvador, France, India, the Philippines, and Turkey. Ignoring these things, he put a question to the United States: What is Korea to you, to your security, Korea being 5,000 miles away from you?

This is a most illuminating question, because it is asked by one asserting a right to a seat in the Security Council. Korea has been for 3 years, and is today, a United Nations problem, involving United Nations Commissions, prolonged United Nations consideration, and now, for 5 months, the agony of United Nations fighting forces. And what does General Wu say of all this? "An insolent provocation which the Chinese people absolutely cannot tolerate." General Wu declined to answer my questions directly. But here, as elsewhere, he did answer them, either by his silence when he was bound by the circumstances to speak or by his statements here revealing the attitude of an aggressor.

U.S. Presses for Action

What the Council must next do, in the opinion of my Government, is to lay aside, for now, the fantastic charge of United States aggression against Formosa and proceed with the consideration of the six-power draft resolution on Korea—document S/1894. We are all familiar with the grave news from the front. That news, as well as past history, renders the silence of General Wu probative, for it is that news which increases his obligation, his moral duty to answer these questions as to what his troops are doing in Korea.

Soon after the pending draft resolution was introduced to the Security Council by the representative of France, I made the statement that it had one central purpose: "to bring the fighting in Korea to a speedy end, while making sure that it does not spread." Its purpose is exactly the same today. It is a resolution of action. It calls upon the Peking regime to withdraw its forces immediately from Korea and to cease its aid to a regime branded by the United Nations as an aggressor. It contains assurances that Chinese security and legitimate Chinese interests will be protected by the United Nations. It is designed to localize the conflict. Compliance with its terms could avert the threat of war which now hangs over Asia. I, therefore, urge the Council to proceed to act on that pending draft resolution.

We can best reply to General Wu's statement that his regime will not tolerate the action of the

United Nations by showing that regime that the United Nations will not tolerate military action against the United Nations; the United Nations will not submit to threats; the United Nations stands against aggression. Let the Chinese Communist regime take thought before it persists in attacking United Nations forces and committing acts of aggression upon Korea.

I am aware that one or two representatives may still be in need of instructions on this draft resolution in view of the turn taken yesterday by military events and of that remarkable statement made here yesterday by General Wu. For this reason, I do not press for a vote now, but I do urge that the Council should vote upon the six-power draft resolution in document S/1894 at its earliest possible convenience.

STATEMENT BY AMBASSADOR AUSTIN IN THE GENERAL ASSEMBLY^{*}

The General Committee has recommended that the General Assembly might include on its agenda an item entitled: Intervention of the Central People's Government of the People's Republic of China in Korea. I speak in support of the recommendation of the General Committee.

My Government has joined with the Governments of Cuba, Ecuador, France, Norway, and the United Kingdom in requesting that the General Assembly consider this item as an important and urgent question. No delegate here can have any doubt as to just how important and how urgent this question is.

U.N. Forces in Jeopardy

The United Nations forces who are carrying out in Korea the task assigned to them by the Security Council are under attack by the armed forces of the Peiping regime. Little more than a month ago, it seemed that the United Nations forces would soon complete their assigned task. Then came the intervention of the Chinese Communist forces.

The Security Council immediately took up this new threat to the peace. On November 10 the same Governments which are now asking the Assembly to consider this item introduced into the Security Council a resolution designed to hasten the end of the conflict, to keep it localized in Korea, and to assure states and authorities on the other side of Korea's northern frontier that their legitimate interests would be protected.

The Security Council also invited a representative of the Central People's Government of the People's Republic of China to attend its meetings on this question. The Council deferred its vote on the joint draft resolution until this representative arrived. Members of the Council then saw

^{*} Made on Dec. 6 and released to the press by the U.S. delegation to the General Assembly on the same date.

Resolution Condemns Propaganda Against Peace

U.N. doc. A/1532

Adopted Nov. 17, 1950

The General Assembly

1. *Reaffirms* its resolutions 110 (II) and 290 (IV), paragraph 8, which condemn all propaganda against peace and recommend the free exchange of information and ideas as one of the foundations of good neighbourly relations between the peoples;

2. *Declares* that such propaganda includes:

(1) Incitement to conflicts or acts of aggression;

(2) Measures tending to isolate the peoples from any contact with the outside world, by preventing the press, radio and other media of communication from reporting international events, and thus hindering mutual comprehension and understanding between peoples;

(3) Measures tending to silence or distort the activities of the United Nations in favour of peace or to prevent their peoples from knowing the views of other States Members.

for themselves that the representative declined to answer questions relating to his government's actions in Korea. He said that the Chinese soldiers fighting there were volunteers. He also said that the Chinese People's Republic considered there were no grounds for hindering the dispatch to Korea of volunteers.

The Security Council voted on the joint draft resolution on November 30. The resolution was not adopted, because of the negative vote of one of the permanent members, the Soviet Union.

It seems clear to the six sponsors of the joint draft resolution that no fruitful action can be expected, at this time, from the Security Council in view of this attitude of one of the permanent members.

Urgent Action Needed

Under these circumstances, the Governments which sponsored that resolution believe that the question of Communist intervention in Korea should be considered by the General Assembly as an important and urgent matter.

The proposed agenda item puts before this Assembly one of the greatest questions faced by the United Nations. It may involve the whole future of the United Nations. It may involve the peace of the world. All the processes of the United Nations should be invoked in an effort to put an end to the threat to world peace.

My Government believes that world opinion should be brought to bear on this question and that the full weight of that opinion should be made clear to the authorities of Peiping. Full and frank discussions by the General Assembly can best bring light upon the real nature of Chinese Com-

munist intervention in Korea, its portent for the future of peace, the gravity with which it is viewed by the nations of the world, and how the processes of the United Nations can bring about a solution.

Asking the General Assembly to consider this question, at this time, is the symbol of our belief in the United Nations and in its ability to maintain international peace.

My Government, therefore, urges the General Assembly to include this item on its agenda, to proceed quickly and soberly to consider the situation, and to make the necessary recommendations.

STATEMENT BY JOHN FOSTER DULLES, U.S. REPRESENTATIVE TO THE GENERAL ASSEMBLY

I would hope to have the chance to answer at greater length than is possible now and after I have had the chance to study more carefully the allegations that have been made.

I do, however, want to say a few words at once. I am torn between mixed emotions because certainly much that has been said is of a character which would legitimately give me cause to speak back in anger and to recount some of the long history of the aggression of Soviet Russia against China. But the feeling that dominates me, Mr. Chairman and fellow delegates, is a feeling of sadness rather than a feeling of anger.

I feel that we are sitting in on an act of what might be a great tragedy, a tragedy which would be created by a third power, the Soviet Union, coming in to try to kill the long historic record of close friendship between the people of China and the people of the United States.

That, obviously, is the result that the Soviet Union is seeking. Its every resource, every means at its command in Asia is being used to try to bring the Chinese people to hate and, if possible, to fight the United States.

I leave you delegates around this table to judge who would be the gainer as a result of those Soviet tactics.

Throughout a long history, the United States has consistently acted as a friend of China, and we have sought, in every way, to maintain the political and the territorial integrity of China, to promote the well-being of China, and to aid China in cultural and in humanitarian endeavors. The friendly sentiment which the United States of America as a nation and the United States people have had toward China is not a relationship that was based primarily upon trade, economic, or commercial factors, because those, in the case of China, have been relatively unimportant from the standpoint of the United States.

⁴ Made before Committee I on Nov. 27 and released to the press by the U.S. delegation to the General Assembly on the same date.

Foundation of Friendship Between China and U.S.

Our relationship with China is primarily based upon a long background of religious, cultural, and humanitarian association. It began with the missionaries. Our churches have been sending missionaries to China for about 150 years. And there is, I do not think, a single community of any size in the whole United States where there are not churches which have maintained for many years missionaries in China, where the people have not come together at the great Christian festivals, Christmas and Easter, and made up packages to send to their missionary in China to distribute to the people of China, and where they have not received back the letters from their missionaries telling of their happy relations with the Chinese people and of the satisfaction that came from the ability to distribute these little items of clothing and so forth to the Chinese people.

This process has been going on in this country for 150 years. As a result of it, there is a foundation, and we believe a stable and lasting foundation, of friendship between the people of China and the people of the United States.

Alleged Acts of Aggression

Now, the United States is attacked here by the Soviet Union because of certain alleged acts of aggression. I would like to deal with those, as I say, in more detail later on, but I comment on them briefly at once.

It is first alleged, if I took down correctly the words of Mr. Vyshinsky, that the United States has invaded Formosa with its armed forces. Mr. Chairman, I anticipated that, and I arranged the day before yesterday by cable to get the precise figures as to what are the members of the United States military establishment which are on Formosa. I got the reply yesterday. It stated that, altogether, there are on the island of Formosa 44 persons belonging to the military establishment of the United States. Nineteen of these are officers who are air, navy, and army military attachés at the diplomatic mission that we maintain on the island of Formosa. There is one warrant officer and 24 enlisted men as aides to the 19 officers. That is the total of the so-called invasion force on Formosa, and it consists of 44 persons. I may add that that total corresponds very closely to the total number of military attachés and aides that the Soviet Union maintains in Washington.

Now, it is said that the United States has blockaded the island of Formosa. That is a totally incorrect statement. I have here, in my hand, the precise instructions that were given on the 29th of June by our Joint Chiefs of Staff to the Commander in Chief of the Far Eastern Command:

By naval and air action, you will defend Formosa against invasion or attack by the Chinese Communists and will insure that Formosa will not be used as a base of operations against the China mainland.

There has not been and there is no blockade of Formosa, whatsoever. Commercial traffic moves without the slightest interference on the part of any United States naval units.

Now, of course, we all know what the reason was for those instructions that were given to the Commander in Chief of our Far Eastern Command. They were stated explicitly by President Truman in his statement of the 27th of June in which he said that, under the circumstances of the fighting in Korea and United Nations action there,

... the occupation of Formosa by communist forces would be a direct threat to the security of the Pacific area and to United States forces performing their lawful and necessary functions in that area.

Formosa lay on the flank of United Nations forces in Korea, and the course of events have demonstrated the wisdom of the precautionary steps taken. It would have, indeed, been awkward for the United Nations forces in Korea, if they found there, on their flank, elements of the same troops that are, today, fighting us on the front in the north of Korea.

Future Status of Formosa

In connection with this whole question of Formosa, I think it is wise for us to bear in mind that Formosa is still affected with an international interest. It is a former Japanese colony in the process of detachment. The United States, certainly, is entitled to some voice in the determination of the future of Formosa, because, if it were not for the tremendous military effort and the great sacrifice which the United States made in that area of the world, none of us here, today, would be sitting around talking about Formosa.

The United States, as one of the principal victors in the war against Japan, has a legitimate voice in what President Truman referred to as the "determination of the future status of Formosa," which he says, "must await the restoration of security in the Pacific, a peace settlement with Japan or consideration by the United Nations."

I might say that the peace treaty with Japan is, at the present time, being discussed, and, only a few days ago, the honorable delegate of the Soviet Union and I had a conversation about it. One of the subjects of conversation was what disposition would be made of Formosa in the Japanese peace treaty.

Now, it is said, however, that we have evil purposes about Formosa and various authorities are quoted to that effect. Well, I have to remind the delegate of the Soviet Union that the foreign policy of the United States is not made either by the *Daily Compass* or even by Miss Marguerite Higgins, a charming correspondent. It is the President of the United States who, under our constitutional system, Mr. Vyshinsky, makes the foreign

policy of the United States. I have the honor to quote what the President of the United States said,

In order that there may be no doubt in any corner about our intentions regarding Formosa, I wish to state that the United States has no territorial ambitions whatever concerning that island, nor do we seek for ourselves any special position or privilege on Formosa.

That was a statement of the President of the United States, on July 19, in a message to Congress.

Violations of Manchurian Air Zone

The third point of the indictment, as I understand, is that American aircraft have violated the Manchurian air in connection with the prosecution of United Nations activities in Korea. Possibly, those complaints should be directed against the United Nations rather than the United States whose forces are only a part of the air force in Korea.

As to those matters, Mr. Chairman, I merely state that the United States, in anticipation of this, has examined the document filed by Mr. Yacoy Malik of the Soviet delegation with the Secretary-General, under date of November 15, 1950, document S/1902, which contains a list of 83 specified alleged violations of the Manchurian air zone. Of those 83, 61 are alleged merely to be violations of a reconnaissance character, where planes are alleged to have flown into the air of Manchuria. But it is not alleged that they did any damage or dropped any bombs. If such violations occurred, the United States has no possible way of verifying them, because they occurred without the knowledge of the pilots. Obviously, they can not testify to something that they did not know. I may say also that this list obviously mentions several times the same flight which was apparently observed at one, two, three, four places, and, each time, it was observed, that apparently was listed as a separate and individual air violation. In any event, adding it all up, it comes to a total of 83, of which 61 are alleged as purely technical violations. It is alleged that there are 22 cases where bombs were dropped, and an effort is made to identify the places. Well, assuming the correctness of those allegations, taking them at face value, I have had them charted on a map here which I hold in my hand and which I would like to circulate if there is an opportunity to do so. We haven't photostats of it yet, but 60 copies are on their way down here so that there will be one for each delegation. As you can see from this map, which I hold in my hand, all of the alleged bombings are supposed to have occurred at points of bridge crossings on the Yalu River. Those are the bridges which have borne the Communist troops which have been pouring across them in recent days and which are fighting the forces of the United Nations in North Korea.

The effort and the instructions of the United States Air Force has been to avoid attacking the Manchurian side of these bridges and only to attack the bridges on their Korean side. But it is obviously extremely difficult to be certain in every case that it may not have been that a bomb fell on the Manchurian side of the bridge rather than the Korean side.

U.S.S.R. Refusal To Help Prove Charges

Now, Mr. Vyshinsky says he wants to help me prove what he said. Their delegation could have helped prove that very easily a few days ago when the United States, in the Security Council, introduced a proposal to set up a neutral commission composed of delegates of India and Sweden and to send that neutral commission out to Korea to examine into the facts of where the bombs had fallen and what the damage was. That proposal, Mr. Chairman, made by the United States for an investigation which would prove the facts, received seven votes in favor and one vote against. I am sure you would be greatly surprised to know what the one vote against was. It was the vote of the Soviet Union which thereby vetoed the proposal to actually prove what Mr. Vyshinsky charges. If he wants to find out what happened, I ask the Soviet delegation why they vetoed in the Security Council the proposal to send out representatives of India and Sweden to find out what the facts were? That would have supplied proof.

That was what the Soviet Union did not want because it is far simpler to talk propaganda-wise than it is to have your facts verified.

I think that deals, as adequately as I care to at the moment, with the nature of these charges that have been made. I will ask, as I said, the opportunity of dealing with them more fully at a later date.

I want, in conclusion, to revert to what I said at the beginning, namely, that the tragedy of this affair is the interposition of this third power to try to corrupt and destroy the good relations that have existed for so many years between the people of China and the people of the United States.

I have the list here of these 83 alleged violations of Manchurian air and other allegations. Mr. Chairman, against every case that has been alleged here of an American plane that may possibly have flown a few feet into the Manchurian air, for every act of that sort, I could cite to you here a great historic act of friendship on the part of the United States for the people of China. And, in the diplomatic field, for every one of those instances, I could cite such acts as the Hay Proclamation of the Open Door Policy for China, our acts in remitting the Boxer indemnity to China, the Nine-Power Treaty of Washington for the Maintenance of the Territorial Integrity of China, the Kellogg Doctrine of Non-Interference in Chinese Internal Affairs, the Stimson Doctrine of Non-

Recognition of the Fruits of Aggression, by Japan, at the expense of China, and the Treaty of Relinquishment of all United States Extraterritorial Rights, which the United States made in 1943.

Historic Proof of U.S. Concern for China

I could recall that, in 1941, the United States took the risk of a terrible war rather than recognize the Wang Ching-wei regime in China. It was a regime that was exercising *de facto* authority over most of the people of China. But we knew that that government was, in reality, the tool of Japanese imperialism, and we refused to take the easy course which would have avoided at least for the time being, the war that was later thrust on us. We did not take that risk and pay that price because of material considerations. At that time, the trade of the United States with Japan was 3 times as large in volume as our trade with China. We followed the dictates not of our pocketbook but of our hearts in refusing to recognize the domination of the Chinese people by a regime which, in our opinion, primarily served the interests of a foreign power and not the welfare of the Chinese people themselves.

These are some of the political acts which I could cite. And, if I turned from political acts to the field of private education and cultural cooperation, I could point to the 13 Christian colleges in China; the 320 orphanages; the 203 United States supported hospitals and 82 nursing schools. I could point to such great medical institutions as the Peking Union Medical College, St. John's Medical College in Shanghai, the Cheloo University Medical School, and Yale in China, great institutions of medicine which have been teaching the Chinese people how to develop their own doctors and their own nurses and to bring the most modern techniques of medicine to the benefit of the Chinese people.

If I turn to spontaneous expressions of private desire to help the Chinese sufferers from natural calamities, I could cite the many millions of dollars contributed privately to the victims of such disasters as the Yangtze flood of 1907, the North China famine of 1920, the great drought of 1928, and the Yangtze flood of 1931.

Mr. Chairman, both time and words would fail me if I attempted to document a relationship between nations which is almost unique in its spiritual quality and which has made concern for China the second great historical international policy of the United States—second only to our policy of promoting unity and friendship with the Americas.

These, Mr. Chairman, and fellow delegates, are the forces that have tied the American people and the Chinese people together with a bond that the Soviet Government is now trying, and I am convinced fruitlessly, to break. The Government of the Russian nation which has historically been and

is hostile to China has always sought and is now seeking to profit at China's expense. I can document that later on in relation to Manchuria in particular.

Mr. Chairman, I was happy to note that the first words of the Chinese Communist delegation spoken upon their arrival in this country recalls, and I quote their words, that "profound friendship has always existed between the Chinese people and the American people." That friendship has existed, and I predict that it will continue to exist. It is that friendship which has been decisive in the past, and I am confident that it will be decisive in the future in determining basically the relations between our two countries.

The United States, today, stands loyal to what we believe to be the best interests of China. History, and history alone, can judge whether we are correctly choosing the course in these difficult times where it is not possible for anyone to move with certainty. However, history adjudges the correctness of our conduct, and, whether or not it is calculated to produce the good ends that we seek, whatever history may judge in that respect, I say that history will never judge that we had

been motivated by anything other than a desire to serve what we honestly believe to be the welfare of the Chinese people. I think that all decent and peace-loving people cannot but feel a contempt for those from the outside who, to serve their own well-known Asiatic ambitions, seek to replace that friendship, confidence, and peace with hatred, fear, and fighting.

Mr. Chairman, we are confident that our friends around this table are not taken in by the wild charges that have been made here. But we are very glad that charges which have been made so widely elsewhere are finally being made in a forum where we will have a chance to meet them face to face and to answer them. We welcome that opportunity, not because we feel that our words are necessary to persuade those around this table of our motives and of the integrity of our acts, but because we believe that all of us here, as a result of what we say and do in relation to those charges, can help to destroy a propaganda offensive which is evil in its purpose and a propaganda offensive which, if not checked, may be the forerunner of other and more dangerous offensives.

Duties of States in Event of Hostilities

U.N. doc. A/1529
Adopted Nov. 17, 1950

A.

The General Assembly,

REAFFIRMING the principles embodied in the Charter, which require that the force of arms shall not be resorted to except in the common interest, and shall not be used against the territorial integrity or political independence of any State,

DESIRING to create a further obstacle to the outbreak of war, even after hostilities have started, and to facilitate the cessation of the hostilities by the action of the parties themselves, thus contributing to the peaceful settlement of disputes,

1. Recommends:

(a) That if a State becomes engaged in armed conflict with another State or States, it take all steps practicable in the circumstances and compatible with the right of self-defense to bring the armed conflict to an end at the earliest possible moment;

(b) In particular, that such State shall immediately, and in any case not later than twenty-four hours after the outbreak of the hostilities, make a public statement wherein it will proclaim its readiness, provided that the States with which it is in conflict will do the same, to discontinue all military operations and withdraw all its military forces which have invaded the territory or territorial waters of another State or crossed a demarcation line, either on terms agreed by the parties to the conflict or under conditions to be indicated to the parties by the appropriate organs of the United Nations;

(c) That such State immediately notify the Secre-

tary-General, for communication to the Security Council and to the Members of United Nations, of the statement made in accordance with the preceding sub-paragraph and of the circumstances in which the conflict has arisen;

(d) That such State, in its notification to the Secretary-General, invite the appropriate organs of the United Nations to dispatch the Peace Observation Commission to the area in which the conflict has arisen, if the Commission is not already functioning there;

(e) That the conduct of the States concerned in relation to the matters covered by the foregoing recommendations be taken into account in any determination of responsibility for the breach of the peace or act of aggression in the case under consideration and in all other relevant proceedings before the appropriate organs of the United Nations;

2. *Determines* that the provisions of the present resolution in no way impair the rights and obligations of States under the Charter of the United Nations nor the decisions or recommendations of the Security Council, the General Assembly or any other competent organ of the United Nations.

B.

The General Assembly,

CONSIDERING that the question raised by the proposal of the Union of Soviet Socialist Republics (A/C.1/808) can better be examined in conjunction with matters under consideration by the International Law Commission, a subsidiary organ of the United Nations,

Decides to refer the proposal of the Union of Soviet Socialist Republics and all the records of the First Committee dealing with this question to the International Law Commission, so that the latter may take them into consideration and formulate its conclusions as soon as possible.

The United States in the United Nations

December 8-14, 1950

General Assembly

The General Assembly approved a series of resolutions and reports on December 12. A Committee IV report containing five resolutions on information from non-self-governing territories was confirmed, as well as six Committee VI reports—including those relating to rules for the calling of nongovernmental conferences by the Economic and Social Council; regulations to give effect to article III, section 8 of the United States-United Nations Headquarters Agreement; insignia for personnel participating in Korea in defense of Charter principles; and the International Law Commission. The latter report contained six resolutions, one of which requested the International Law Commission to review its statute, another on the formulation of Nürnberg principles, and a final one providing for the creation of a 17-member committee to meet at Geneva on August 1, 1951, to prepare one or more preliminary draft conventions and proposals relating to the establishment and the statute of an international criminal court.

A Committee II report on chapters II, III, and IV of the Economic and Social Council report was adopted as were four resolutions recommended by the same committee pertaining to full employment. The General Assembly then approved unanimously the Committee V recommendation authorizing the Secretary-General to implement plans for the establishment of a United Nations telecommunications system. The General Assembly also approved the nominations by President Nasrollah Entezam (Iran) for India, Canada, Ecuador, Mexico, Philippines, Poland, and Iraq to the seven-member Special Committee on Chinese Representation.

Debate then began on the agenda item, International Control of Atomic Energy, and the desirability of combining the two Commissions on Atomic Energy and Conventional Armaments. In this connection, President Truman had stated in his address before the General Assembly on United Nations Day, October 24, that "... we must continue to strive, through the United Nations, to achieve international control of atomic energy and the reduction of armaments and armed forces. Cooperative and effective disarmament would make the danger of war remote." Australia introduced a resolution cosponsored with Canada, Ecuador, France, Netherlands, Turkey, United Kingdom, and United States, which calls for the creation of a 12-member committee to consider how the work of the Atomic Energy Commission and the Commission for Conventional Armaments could be coordinated and for a report

to the Sixth General Assembly. This resolution was adopted on December 13 by a vote of 47-5 (Soviet bloc) with 3 abstentions while a Soviet proposal that the Atomic Energy Commission prepare by June 1, 1951 conventions on the prohibition of atomic weapons and the control of atomic energy was rejected 5-32 (U.S.)-16.

Prior to this action on the 13th, the Assembly rejected the Committee IV resolution providing for the establishment of a Commission on Southwest Africa and approved instead, 30-10-16, a substitute resolution, (sponsored by the United States and five other members) which accepts the International Court of Justice opinion on Southwest Africa, sets up a committee of five members to confer with South Africa on procedural measures necessary for implementing the ICJ opinion, and authorizes the Committee to examine and report to the next General Assembly on the question. A second Committee IV resolution, reiterating that Southwest Africa should normally be placed under trusteeship, was, however, adopted 30 (U.S.)-10-16, following rejection of a Soviet amendment to the effect that South Africa had violated the United Nations Charter.

After approving a number of Committee V items on assessments, appointments, and budgetary authorizations, the Assembly on December 14 decided to give immediate consideration to the Committee I resolution calling for a three-man group to determine the basis for a cease-fire in Korea. In the voting that followed, the resolution was approved 52-5-(Soviet bloc)-1 (China). Peru and Nicaragua were absent but later expressed their support for the measure. President Entezam subsequently announced that Lester B. Pearson (Canada) and Sir Benegal N. Rau, (India) had agreed to assist him on this committee.

The Assembly also agreed on the 14th to hold its sixth regular session in Europe. Additional resolutions and reports adopted on the same day included the following: The Economic and Social Council Report (chs. V, VI, and VII) and the three resolutions relating to freedom of information, including the one pertaining to interference with radio signals; the statute on the High Commissioner's Office for Refugees and the resolution relating to the statute; the resolution concerning recognition of the representation of a member state, as amended by Egypt, to provide for consideration by the Interim Committee of such questions if the General Assembly is not in session; the resolution on Palestine refugees; and a resolution noting the latest Security Council report.

Additional action taken during the day included the elections of G. J. Van Heuven Goedhart, (Netherlands), to the post of High Commissioner

for Refugees and Eduardo Anze Matienzo, (Bolivia), to the position of United Nations Commissioner for Eritrea.

Committee Actions

Committee I (Political and Security).—Consideration of the Korean question continued during the week in Committee I. On December 8, the Turkish representative, Selim Sarper, read the latest report of the United Nations Commission for the Unification and Rehabilitation of Korea, which pointed out that Chinese forces in Korea might total 400,000 men and that they were regular army units under normal military discipline and not "volunteers in any possible meaning of the term." On the following day, the Soviet representative, Mr. Vyshinsky, denounced the sponsors of the 6-nation resolution on Chinese Communist intervention as he repeated once more his familiar allegations of United States "intervention" and "aggression," and he introduced a resolution calling for the immediate withdrawal of all foreign forces in Korea.

Debate continued on December 12, and then on the 13th Sir Benegal N. Rau, (India), introduced a resolution sponsored by 13 Asian and Arab states, which requested the General Assembly President "to constitute a group of three persons including himself" to determine the basis on which a satisfactory cease-fire in Korea could be arranged and to make recommendations to the General Assembly as soon as possible. This proposal was given priority by a vote of 48 (U.S.)-5 (Soviet bloc)-4, and, in the discussion that followed, United States Representative Warren R. Austin announced that the United States would vote for the proposal since it was "apparently designed" to create "channels for pacific settlement." On December 13, the 13-member resolution was put to a vote and approved 51-5 (Soviet bloc)-1 (China).

Ad Hoc Political Committee.—Committee debate on the internationalization of Jerusalem was completed on December 13 with the approval of a Belgium proposal to have the Trusteeship Council appoint "four persons" to study conditions for a possible settlement of the Jerusalem problem. A Swedish draft resolution, as amended by the United States, United Kingdom, and Uruguay was, therefore, not put to a vote despite acceptance by both Israel and Jordan. The Committee completed its agenda on December 14, with the adoption 34 (U.S.)-5-3, of a subcommittee report on the financial and economic provisions relating to Libya and adoption 40-1-1 of an Egyptian resolution requesting the Secretary-General to study the problem of Libyan war damages.

Committee III (Social, Humanitarian, and Cultural).—Debate continued in Committee III on the prisoner-of-war item during the meetings held on December 8 and 9. Mrs. Edith S. Samp-

son of the United States delegation urged the Committee members to support the United States-United Kingdom-Australian draft resolution introduced the previous week in order that the impartial commission envisaged in the proposal might determine the fate of thousands of Japanese and German prisoners still unaccounted for by the Soviet Union. On December 11, the 3-nation resolution was passed 43 (U.S.)-5 (Soviet bloc)-8. As amended, it provides that Governments be requested to submit information on prisoners of war to the proposed commission, which would only perform the investigative functions originally suggested if the information submitted is considered inadequate. The resolution further provides that the three-man commission be chosen by the International Red Cross, or failing that, by the Secretary-General.

Approval was also given on December 11 to the statute on the High Commissioner's Office for refugees, which outlines the general principles, organization, powers, functions, and competence of the High Commissioner's Office. The statute and an accompanying resolution outlining the measures by which Governments are called upon to cooperate with the Commissioner were approved as a whole by a vote of 26 (U.S.)-5-12.

The final action taken by the Committee was consideration of the Economic and Social Council report and with the adoption 43-0-5 (Soviet bloc) of a resolution noting chapters V, VI, VII of the Council's report, Committee III completed its work.

Committee IV (Trusteeship).—The Committee completed work for the session on December 8 with the adoption of two final reports. The first, on Southwest Africa, referring to the International Court of Justice advisory opinion, was approved as amended without opposition, while the second, on Administrative Unions, was adopted 38 (U.S.)-5 (Soviet bloc)-2.

Committee V (Administrative and Budgetary).—Committee V approved on December 11 the \$1,750,000 Advisory Committee's estimate on the cost of holding the Sixth General Assembly session in Europe by a vote of 41-0-2. Approval was also given to budgetary estimates covering a series of resolutions adopted by other General Assembly Committees, including the 1951 cost of the Palestine Conciliation Commission and Truce Supervision Organization.

A second reading of the 1951 estimates was completed on December 13, and on December 14 the Committee concluded its work by approving the Advisory Committee estimates of the financial implications of the *Ad Hoc* Committee resolutions on the United Nations Arbitral Tribunal for Libya and on the protection of the Holy Places in Jerusalem, incorporating these sums into the 1951 budget, and then approving the corrected gross total of \$47,798,600 by a vote of 34-1-5 (Soviet bloc).

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